
State: District of Columbia **Filing Company:** Westport Insurance Corporation
TOI/Sub-TOI: 17.2 Other Liability-Claims Made Only/17.2019 Professional Errors and Omissions Liability
Product Name: Independent Insurance Agents Professional Liability
Project Name/Number: Oct 2016 forms revision/DC-16-14808

Filing at a Glance

Company: Westport Insurance Corporation
Product Name: Independent Insurance Agents Professional Liability
State: District of Columbia
TOI: 17.2 Other Liability-Claims Made Only
Sub-TOI: 17.2019 Professional Errors and Omissions Liability
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Author(s): Cindy Knoll
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Effective Date (New):
Effective Date (Renewal):

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General Information

Project Name: Oct 2016 forms revision	Status of Filing in Domicile: Pending
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Created By: Cindy Knoll	Submitted By: Cindy Knoll
Corresponding Filing Tracking Number:	

Filing Description:

We are filing the attached forms revision for our Independent Insurance Agents Professional Liability Program. Changes to existing forms are mainly clerical and clarifying in nature. Attached are side x side comparisons as well as summary document showing the changes for all forms. We are also introducing 1 new optional endorsement for this program.

We respectfully request an effective date of July 1, 2017.

Company and Contact

Filing Contact Information

Cindy Knoll, Compliance Specialist	Cindy_Knoll@swissre.com
5200 Metcalf	913-248-1579 [Phone]
Overland Park, KS 66201	

Filing Company Information

Westport Insurance Corporation	CoCode: 39845	State of Domicile: Missouri
5200 Metcalf	Group Code: 181	Company Type:
Overland Park, KS 66201	Group Name: Swiss Re	State ID Number:
(800) 255-6931 ext. [Phone]	FEIN Number: 48-0921045	

Filing Fees

Fee Required?	No
Retaliatory?	No
Fee Explanation:	

State: District of Columbia

Filing Company:

Westport Insurance Corporation

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Form Schedule

Item No.	Schedule Item Status	Form Name	Form Number	Edition Date	Form Type	Form Action	Action Specific Data		Readability Score	Attachments
1		Insurance Industry Professional Liability Coverage For Insurance Agents	SP 4 584	1016	PCF	Replaced	Previous Filing Number:	SWRE-130442483	0.000	SP 4 584 1016.pdf
							Replaced Form Number:	SP 4 584 1215		
2		Professional Services Exclusion	SP 000 240	1016	END	Replaced	Previous Filing Number:	ERCB-126895918	0.000	SP 000 240 1016.pdf
							Replaced Form Number:	SP 000 240 0610		
3		Line of Business Exclusion Endorsement	SP 5 037	1016	END	Replaced	Previous Filing Number:	ERCB-126895918	0.000	SP 5 037 1016.pdf
							Replaced Form Number:	SP 5 037 0610		
4		Investment Advisor Endorsement	SP 10 793	1016	END	Replaced	Previous Filing Number:	SWRE-130442483	0.000	SP 10 793 1016.pdf
							Replaced Form Number:	SP 10 793 0116		
5		Employee Benefit Specialist Endorsement	SP 10 794	1016	END	Replaced	Previous Filing Number:	SWRE-130442483	0.000	SP 10 794 1016.pdf
							Replaced Form Number:	SP 10 794 0116		
6		Additional Insured Endorsement	SP 12 824	1016	END	New			0.000	SP 12 824 1016.pdf

Form Type Legend:

ABE	Application/Binder/Enrollment	ADV	Advertising
BND	Bond	CER	Certificate
CNR	Canc/NonRen Notice	DEC	Declarations/Schedule
DSC	Disclosure/Notice	END	Endorsement/Amendment/Conditions
ERS	Election/Rejection/Supplemental Applications	OTH	Other

Westport Insurance Corporation

INSURANCE INDUSTRY PROFESSIONAL LIABILITY COVERAGE FOR INSURANCE AGENCIES

NOTICE — THIS IS A CLAIMS MADE POLICY — PLEASE READ THIS POLICY CAREFULLY TO DETERMINE YOUR RIGHTS AND DUTIES AND WHAT IS AND WHAT IS NOT COVERED. THE COMPANY WILL NOT PAY ANY AMOUNTS OR TAKE ANY ACTION EXCEPT AS PROVIDED IN THIS POLICY.

This insurance is written on a CLAIMS made basis and applies only to CLAIMS first made against the INSURED during the POLICY PERIOD and reported to Westport Insurance Corporation (hereafter referred to as the "Company") as provided in the POLICY.

Terms of this POLICY that are in capitalized letters have meanings set forth in the **DEFINITIONS AND EXPLANATION OF TERMS** section. The capitalized and bolded headings are descriptive only and do not create or limit coverage in any way.

Throughout this POLICY the words "you" and "your" refer to the NAMED INSURED shown in the Declarations. The words "we," "us" and "our" refer to the company providing the insurance.

In consideration of the payment of premium, and in reliance upon the statements, representations, attachments and exhibits contained and submitted with the application for this POLICY, and also subject to all the exclusions, conditions and other requirements of this POLICY, we agree as follows:

I. COVERAGE

- A. We will pay on behalf of the INSURED all sums in excess of the DEDUCTIBLE that the INSURED becomes legally obligated to pay as DAMAGES caused by WRONGFUL ACTS resulting in any CLAIM first made against the INSURED during the POLICY PERIOD and reported in writing to us or the producing agent as soon as practicable.
- B. In order to be covered by this POLICY, a CLAIM must seek DAMAGES arising from a WRONGFUL ACT committed either by the INSURED, or by a person for whose WRONGFUL ACTS the INSURED is legally liable, and such WRONGFUL ACT must take place:
 - 1. during the POLICY PERIOD; or
 - 2. prior to the POLICY PERIOD but on or after the RETROACTIVE DATE.
- C. Notwithstanding paragraphs A. or B. above, this **COVERAGE** section does not provide coverage for any CLAIM, if at the time prior to the effective date of this POLICY, or any Employers Reinsurance Corporation or Westport Insurance Corporation policy this POLICY replaces, you or any owner, officer or partner of the NAMED INSURED:
 - 1. knew of a CLAIM or POTENTIAL CLAIM; or
 - 2. with regard to a BREACH of PERSONAL DATA, was aware of such BREACH.

D. ADDITIONAL COVERAGES

- 1. **CATASTROPHE EXTRA EXPENSE.** We will pay up to \$25,000 per catastrophe subject to a per POLICY PERIOD aggregate limit of \$50,000 for the actual extra expenses incurred by you as a result of a catastrophe during the POLICY PERIOD beginning on the date of a catastrophe and for thirty (30) days thereafter. The extra expense incurred must be incurred by you only to assist in the insurance claims processing needs of your customer(s) who have been affected by the catastrophe. The catastrophe must be a declared catastrophe by the Property Claims Services. A \$500 deductible for each catastrophe shall apply. Limits provided by this paragraph are part of and not in addition to the limits provided by this POLICY.

2. **SUBPOENA.** If, during the POLICY PERIOD you receive a subpoena for documents or testimony relating to your business services and the subpoena is not related to a CLAIM under this POLICY, we will, at your request and upon receipt of a copy of the subpoena, retain legal counsel to advise you regarding the document production or to represent you during testimony. We will pay the expenses incurred in providing advice regarding the production of documents, review of the documents prior to production, your preparation for testifying, and representation during testimony. The maximum amount payable, regardless of the number of subpoenas reported or the number of INSURED'S subject to all subpoenas shall be \$10,000 per POLICY PERIOD. The DEDUCTIBLE shall not apply to this provision; however, any payments made by us under this provision will be included within the applicable Limit of Liability and not in addition thereto. Any notification you give us of such subpoena shall be deemed to be notification of a POTENTIAL CLAIM under this POLICY. If this POTENTIAL CLAIM ultimately results in a CLAIM, any expenses we have paid will be included in CLAIM EXPENSE.

3. **PERSONAL DATA PROTECTION.** Notwithstanding **EXCLUSIONS**, paragraph B. BREACHES OF PERSONAL DATA, if during the POLICY PERIOD, PERSONAL DATA of others is compromised as a result of a BREACH of the INSURED'S network security, through hacking, mismanagement, loss or theft, we will pay up to \$25,000 per incident of BREACH subject to a per POLICY PERIOD aggregate limit of \$25,000 for reasonable and necessary expenses incurred by you as a result of any BREACH in connection with your insurance operation. The extra expense must be incurred by you:

- a. to consult with legal counsel on how best to respond to the BREACH;
- b. to consult with Information Technologists to determine the nature and extent of the BREACH;
- c. to provide representation in front of any insurance department or governmental agency arising from a BREACH;
- d. to assist in notification of the individuals who have been affected by the BREACH.

A \$1,000 deductible applies to each incident of BREACH reported under this paragraph. Limits provided by this paragraph are part of and not in addition to the limits provided by this POLICY. All compromise of PERSONAL DATA that is from the same cause or set of causes will be treated as one incident of BREACH.

4. **REGULATORY DEFENSE.** We will pay on behalf of the INSURED, CLAIM EXPENSES caused by WRONGFUL ACTS committed by an INSURED in connection with your insurance operations, arising from the following:

Responding to a complaint or defending an investigation brought by any state regulatory agency, insurance department, or other government agency arising from your insurance operation. INSURED'S must:

- a. provide prompt written notice to us and obtain our written consent before responding; and
- b. agree to the use of legal counsel that we choose or approve.

This coverage does not apply to salaries of your personnel, loss of income, fines, penalties, return of fees or commissions, or reimbursement of premiums. The most we will pay under this additional coverage is \$60,000 per POLICY PERIOD for CLAIM EXPENSES and such shall be a part of, and not in addition to, the Limit of Liability shown in the Declarations.

5. **CRISIS MANAGEMENT.** We will reimburse the NAMED INSURED up to \$20,000 per POLICY PERIOD for fees, costs, and expenses incurred by the NAMED INSURED within 6 months of the CRISIS EVENT and directly caused by the CRISIS EVENT, resulting from CRISIS MANAGEMENT SERVICES.

The CRISIS EVENT must first occur and must be reported to the Company during the POLICY PERIOD. The most we will pay under this additional coverage per POLICY PERIOD for CRISIS EVENT expenses associated with all CRISIS EVENTS subject to this paragraph is \$20,000. No deductible shall apply to this coverage. Limits provided by this paragraph are part of and not in addition to the limits provided by the POLICY.

II. DEFENSE, INVESTIGATION AND SETTLEMENT OF CLAIMS

- A. We shall have the right and duty to defend, investigate, and conduct any settlement negotiations arising from any CLAIM first made against the INSURED during the POLICY PERIOD based upon alleged WRONGFUL ACTS of an INSURED. We shall have the right to select the attorney to represent and defend an INSURED for any CLAIM that is made against an INSURED. We shall have the right to select arbitrators in the event of any arbitration proceedings.
- B. We shall not settle any CLAIM without your consent. If we recommend a settlement to you which is acceptable to the claimant, and you do not agree with us and would rather contest the matter, our ultimate liability, subject to the DEDUCTIBLE, will be limited to the total of:
1. the amount for which the CLAIM could have been settled at that time, plus 40% of the amount of DAMAGES which are in excess of that settlement, subject to paragraph C of this section, and
 2. the amount of CLAIM EXPENSE that was incurred up to the time we made the recommendation, plus 40% of the amount of CLAIM EXPENSES incurred after the time we made the settlement recommendation, subject to paragraph C of this section. .
- The remaining 60% of any DAMAGES or CLAIM EXPENSES will be uninsured at the INSURED'S own risk.
- C. We shall not be obligated to pay any DAMAGES or defend or continue to defend any CLAIM after the Per CLAIM Limit of Liability or Aggregate Limit of Liability under this POLICY has been exhausted by payment of DAMAGES or after the deposit in a court having jurisdiction of sums exhausting the Per CLAIM Limit of Liability or Aggregate Limit of Liability.
- D. If the applicable Limit of Liability is exhausted by the payment of DAMAGES, we will notify the INSURED as soon as practicable of all outstanding CLAIMS we are defending that are subject to such limit.
- E. If the applicable Limit of Liability is exhausted, we agree to take all steps necessary during a transfer of control of defense to the INSURED of any outstanding CLAIM and agree to continue that defense during such transfer. When we take such steps, you agree that we do not waive or relinquish any of our rights under the POLICY. We agree to pay up to \$10,000 in reasonable CLAIM EXPENSES incurred by us during such transfer, after the applicable Limit of Liability has been exhausted. Any additional CLAIM EXPENSES will be the responsibility of the INSURED.

III. REPORTING AND NOTICE

INSURED'S duties in the event of any CLAIM or any POTENTIAL CLAIM:

- A. The INSURED shall not without our written consent, do any of the following:
1. admit liability;
 2. participate in any settlement discussions nor enter into any settlement;
 3. incur any cost or expenses; or
 4. produce documents, provide a recorded statement, or give any deposition regarding any actual or alleged WRONGFUL ACT.

- B. The INSURED shall:
1. provide written notice of any CLAIM to us or the producing agent shown on the Declarations as soon as practicable.
 2. report any POTENTIAL CLAIM to us or the producing agent in writing during the POLICY PERIOD. If, during the POLICY PERIOD, an INSURED first becomes aware of a POTENTIAL CLAIM and gives written notice of such POTENTIAL CLAIM to us during the POLICY PERIOD, any CLAIMS subsequently made against the INSURED arising from the POTENTIAL CLAIM shall be considered to have been made during the POLICY PERIOD that the INSURED first became aware of such POTENTIAL CLAIM.
 3. include within any notice of CLAIM or POTENTIAL CLAIM a description of the CLAIM or POTENTIAL CLAIM, the alleged WRONGFUL ACT including the date it was committed, a summary of the facts upon which the CLAIM or POTENTIAL CLAIM is based, the alleged or potential DAMAGES that may result from the WRONGFUL ACT, the names of actual or potential claimants, the names of INSURED and employee against whom the CLAIM was or may be made, and the date and circumstances by which the INSURED, or any owner, officer, or partner of the NAMED INSURED first became aware of the CLAIM or POTENTIAL CLAIM.
 4. provide notice to us under the POLICY per the Notice to Company Endorsement.

All notices under the POLICY shall be in writing, shall comply with the time requirements as stated in the POLICY, and shall be given by confirmed facsimile, prepaid express courier, or certified U.S. Mail with return receipt requested.

IV. DEFINITIONS AND EXPLANATIONS OF TERMS

- A. **ADVERTISING.** ADVERTISING means placing a notice that is broadcast or published to the general public or specific market segments about your products or services for the purpose of attracting customers or supporters. For the purposes of this definition:
1. notices that are published include material placed on the Internet or on similar electronic means of communication; and
 2. regarding websites, only that part of a website that is about your products or services for the purposes of attracting customers or supporters is considered ADVERTISING.
- B. **BREACH.** BREACH means any misappropriation or unauthorized access, use, disclosure, modification, publication, theft, disappearance, or destruction of PERSONAL DATA within the care, custody, or control of any INSURED. BREACH does not include any misappropriation or unauthorized access, use, disclosure, modification, publication, theft, disappearance, or destruction of PERSONAL DATA within the care, custody, or control of a third party to whom any INSURED has intentionally provided the PERSONAL DATA.
- C. **CLAIM.** CLAIM means:
1. that an INSURED has received a summons, a subpoena, or any other notice of legal process;
 2. that an INSURED has received notice of any SUIT; or
 3. that an INSURED has received notice of a written demand, or a written demand for money or services.
- D. **CLAIM EXPENSE.** CLAIM EXPENSE means:
1. all expense incurred in the investigation of any POTENTIAL CLAIM or in the defense of any CLAIM first made against an INSURED seeking DAMAGES for a WRONGFUL ACT, even if a CLAIM or POTENTIAL CLAIM is groundless, false, fraudulent, or for an amount less than your DEDUCTIBLE;

2. reasonable and necessary fees and disbursements charged by any lawyer designated by us or required by law to defend the interests of an INSURED; and
3. if authorized by us, all other fees, costs, and expenses, other than loss of earnings, resulting from the investigation, adjustment, defense, or appeal of any CLAIM or POTENTIAL CLAIM, including but not limited to:
 - a. all costs taxed against any INSURED in any SUIT;
 - b. all prejudgment and post judgment accrued interest on that portion of any judgment which does not exceed the applicable Limit of Liability. If we tender or pay DAMAGES on any judgment up to our Limits of Liability, we have no further obligation to pay any additional interest;
 - c. all premiums on bonds to release attachments and appeal bonds, limited to that portion of a bond which does not exceed the POLICY Limit of Liability. We will obtain the bond on behalf of the INSURED. You shall reimburse us for the additional cost of the bond we obtain for any exposure in excess of our Limit of Liability;
 - d. all reasonable expenses incurred by an INSURED at our request while assisting us in the investigation and defense of any CLAIM or POTENTIAL CLAIM; or
 - e. reimbursement for loss of earnings or temporary staff due to an INSURED attending depositions or trials at our request. Such reimbursement is subject to \$750 per INSURED per day and a maximum of \$30,000 per POLICY PERIOD for all INSUREDS.

CLAIM EXPENSE, except as provided in definition D.3.e, shall not include salaries, loss of earnings, or expenses of regular employees, our officials, or you.

- E. **DAMAGES.** DAMAGES means monetary amounts for which an INSURED is held legally liable but does not include:
1. punitive damages, exemplary damages, or the multiplied portion of any damage award except where permitted as insurable by the law pursuant to which this POLICY will be construed;
 2. sanctions, fines, or penalties imposed by law or matters deemed uninsurable under the law pursuant to which this POLICY will be construed;
 3. the return of any fees, commissions, profit sharing, or other remuneration, or costs or expenses for PROFESSIONAL SERVICES or OTHER RELATED SERVICES rendered or to be rendered by the INSURED;
 4. an INSURED'S taxes;
 5. reimbursement or return of premiums or funds; or
 6. redress in any form other than monetary relief, including, but not limited to, any form of injunctive or other equitable relief, restitution, replevin, unjust enrichment, declaratory judgments, or an accounting.
- F. **DEDUCTIBLE.** DEDUCTIBLE means the amount set forth in Item D. of the Declarations.
- G. **FIRST NAMED INSURED.** FIRST NAMED INSURED means the INSURED whose name is listed first on the Declarations if there are multiple NAMED INSUREDS, or the NAMED INSURED where only one INSURED is listed.
- H. **FRAUDULENT ENTITY.** FRAUDULENT ENTITY means an organization that does not have a legal identity or legal existence, but which is represented to legally exist.

I. INSURED.

1. **INDIVIDUAL.** If you are an individual, you and your spouse or legal domestic partner, and former spouse or legal domestic partner, are INSUREDS, but only with respect to the conduct of a business of which you are the sole owner.
2. **PARTNERSHIP.** If you are a partnership, you, your partners and their spouses or legal domestic partners, and former partners and their spouses or legal domestic partners, are INSUREDS, but only with respect to the conduct of your business.
3. **LIMITED LIABILITY COMPANY.** If you are a limited liability company, you are an INSURED. Your members and former members are also INSUREDS, but only with respect to the conduct of your business. Your managers and former managers are INSUREDS, but only with respect to their duties as your managers, with respect to the conduct of your business.
4. **OTHER ORGANIZATIONS.** If you are an organization other than a partnership or limited liability company, you are an INSURED. Your officers, directors, and former officers and directors, are INSUREDS, but only with respect to their duties as your officers or directors with respect to the conduct of your business. Your stockholders and former stockholders are also INSUREDS, but only with respect to DAMAGES for which the **COVERAGE** section, Part A. or B., would apply.
5. **OTHER INSUREDS.** Each of the following is also an INSURED:
 - a. your employees and former employees, leased or temporary employees, but only for acts within the scope of their employment by you and while performing duties related to the conduct of your PROFESSIONAL SERVICES or OTHER RELATED SERVICES.
 - b. any independent contractor or former independent contractor while acting on your behalf within the scope of their duties as your subproducer in connection with insurance serviced by any INSURED.
 - c. the heirs, executors, administrators, or legal representatives of an INSURED in the event of death, incapacity, or bankruptcy of the INSURED, but only to the extent that such INSURED would otherwise be covered by this POLICY.
6. **NEWLY ACQUIRED.** Any organization you newly acquire or form, and over which you maintain majority interest, will qualify as an additional INSURED if there is no other similar insurance available to that organization. However:
 - a. coverage under this provision is afforded only until the one-hundred twentieth 120th day after you acquire or form the organization or the end of the POLICY PERIOD, whichever is earlier;
 - b. coverage does not apply to WRONGFUL ACTS committed before you acquired or formed the organization, unless agreed to by us and endorsed to this POLICY; and
 - c. an additional premium may be charged from the date you acquired or formed the organization.
7. **ADDITIONAL INSURED.** The person or entity which has been specifically added by endorsement to the POLICY.

J. NAMED INSURED. NAMED INSURED means the person or entity listed in the Declarations or any endorsement to this POLICY and PREDECESSOR AGENCY thereof.

- K. **OTHER RELATED SERVICES.** OTHER RELATED SERVICES means the following services:
1. services rendered in teaching a formal insurance course, but we will only cover CLAIMS first made against the INSURED by a student or former student for a WRONGFUL ACT of the INSURED causing such student to incur legal liability;
 2. services rendered as a notary public;
 3. an INSURED'S testimony as an expert witness in connection with insurance related litigation;
 4. ADVERTISING activities for the NAMED INSURED; or
 5. services as a claims adjuster pursuant to a written agency/insurer agreement covering the sales and servicing of insurance products placed through the NAMED INSURED'S agency.
- L. **PERSONAL DATA.** PERSONAL DATA means all non-public information, whether written, or electronic:
1. including but not limited to any social security number or biometric records which when used alone, or when combined with other personal or identifying information, such as date and place of birth, or mother's maiden name, is linked or linkable to a specific individual;
 2. concerning an individual that would be considered protected health information as defined within the Health Insurance Portability and Accountability Act of 1996; or
 3. that would be considered nonpublic personal information within the meaning of the Gramm-Leach Bliley Act or similar state, federal, and foreign identity theft and privacy protection legislation applicable to the breach.
- M. **PERSONAL INJURY.** PERSONAL INJURY means:
1. false arrest, detention or imprisonment, malicious prosecution, or humiliation;
 2. the publication or utterance of a libel or slander or other defamatory or disparaging material, or a publication or utterance in violation of an individual's right of privacy;
 3. the use of another's advertising idea or the use of another's copyright, trade dress, or slogan in ADVERTISING; or
 4. wrongful entry or eviction or other invasion of the right of private occupancy of a premises or dwelling that a person occupies.
- N. **POLICY.** POLICY means the insuring agreement issued by us to the FIRST NAMED INSURED and listed in the Declarations, along with all attached endorsements.
- O. **POLICY PERIOD.** POLICY PERIOD means the period stated in the Declarations, unless terminated earlier pursuant to the TERMINATION OF COVERAGE section of this POLICY.
- P. **POTENTIAL CLAIM.** POTENTIAL CLAIM means that an INSURED has become aware of a proceeding, event, or development, which could in the future result in the institution of a CLAIM against an INSURED.
- Q. **PREDECESSOR AGENCY.** PREDECESSOR AGENCY means any insurance agency to whose financial assets and liabilities the agency listed as the NAMED INSURED in the Declarations is the majority successor in interest.
- R. **PROFESSIONAL SERVICES.** PROFESSIONAL SERVICES means:
1. services rendered as a managing general insurance agent, general insurance agent, insurance agent, or insurance broker;
 2. services rendered as an insurance consultant, including, but not limited to, insurance consulting connected with employee benefit plans;

3. premium financing services provided by the NAMED INSURED to the NAMED INSURED'S clients for insurance products placed through the NAMED INSURED'S agency;
 4. loss control, risk management, or anti-fraud services rendered in connection with insurance placed through the NAMED INSURED;
 5. services as a registered representative rendered in connection with the sale and servicing of variable life and variable annuity products; or
 6. acting as a countersigning agent for out-of-state insurance agencies on policies issued within the state of domicile of the INSURED.
- S. **RETROACTIVE DATE.** RETROACTIVE DATE means the date, as specified in the Declarations or in any endorsement attached hereto, on or after which any WRONGFUL ACT, as defined in the POLICY, must have occurred in order for CLAIMS arising therefrom to be covered under this POLICY.
- T. **STRANGER-OWNED LIFE INSURANCE (STOLI).** STRANGER-OWNED LIFE INSURANCE means an arrangement where a life insurance policy is issued to an insured or an individual who has an insurable interest with the insured, with the resources to purchase the policy provided or guaranteed by a person or entity who has no insurable interest to the insured person and who has the contractual right to repayment or other means of satisfaction of the debt such as obtaining control of the policy rights or benefits.
- U. **SUIT.** SUIT means a civil proceeding alleging DAMAGES against an INSURED because of a WRONGFUL ACT to which this insurance applies. SUIT includes:
1. an arbitration proceeding in which such DAMAGES are claimed and to which the INSURED must submit or does submit with our consent;
 2. any other alternative dispute resolution proceeding in which such DAMAGES are claimed and to which the INSURED submits with our consent; or
 3. an adjudicatory proceeding in a court of law.
- V. **WRONGFUL ACT.** WRONGFUL ACT means:
1. any negligent act, error, or omission of an INSURED in rendering PROFESSIONAL SERVICES or OTHER RELATED SERVICES for others;
 2. any PERSONAL INJURY or ADVERTISING injury in rendering PROFESSIONAL SERVICES or OTHER RELATED SERVICES for others; or
 3. any BREACH of PERSONAL DATA arising out of or in connection with the rendering of PROFESSIONAL SERVICES or OTHER RELATED SERVICES, but only if the INSURED has implemented current and commonly accepted technologies and methodologies designed to secure PERSONAL DATA and appropriate to the size and complexity of the agency and indecipherable to unauthorized individuals and which are in place at the time of the BREACH; provided, however, that any such technologies and methodologies must comply with privacy regulations found within the Health Insurance Portability and Accountability Act of 1996 or any other federal or state law or regulation, governing any industry in which the INSURED is rendering PROFESSIONAL SERVICES or OTHER RELATED SERVICES.
- W. **CRISIS EVENT.** CRISIS EVENT means any:
1. death or debilitating illness of the owner of a sole proprietorship;
 2. national or regional news exposure in television, radio, print, or recognized professional insurance publications on internet media regarding PROFESSIONAL SERVICES of the NAMED INSURED, that is reasonably likely to have a negative impact on the NAMED INSURED with respect to its income, reputation, community relations, public confidence, or good will;

3. incident of workplace violence, or
 4. filing of an involuntary bankruptcy petition against the NAMED INSURED.
- X. **CRISIS MANAGEMENT SERVICES.** CRISIS MANAGEMENT SERVICES means services performed by an established public relations firm designed to minimize potential harm to the NAMED INSURED from a covered CRISIS EVENT by managing adverse media coverage and maintaining and restoring public confidence in the NAMED INSURED.

V. **EXCLUSIONS**

This POLICY shall not apply to any CLAIM based upon, arising out of, attributable to, or directly or indirectly resulting from:

A. **BODILY INJURY, PROPERTY DAMAGE.**

1. Bodily injury, sickness, disease, or death of any person; or
2. injury to or destruction of any property, including the loss of use of the property.

This exclusion shall not apply to CLAIMS arising directly out of any actual or alleged failure of the insured to place, effect, maintain, or renew any insurance products for any customer.

B. **BREACHES OF PERSONAL DATA.**

1. any BREACH of PERSONAL DATA resulting from any act committed by an individual or individuals acting in an effort to coerce the civilian populations of the United States or to influence the policy or affect the conduct of any federal, state, provincial, or local government;
2. any BREACH of PERSONAL DATA resulting from any failure of the INSURED to implement current and commonly accepted technologies and methodologies designed to secure PERSONAL DATA and appropriate to the size and complexity of the agency; or
3. any BREACH of PERSONAL DATA resulting from any failure of the INSURED to comply with any applicable privacy regulations found in the Health Insurance Portability and Accountability Act of 1996 or any other federal or state law or regulation, governing any industry in which the INSURED is rendering PROFESSIONAL SERVICES or OTHER RELATED SERVICES.

C. **COBRA ADMINISTRATION.** The INSURED'S administration under the Consolidated Omnibus Budget Reconciliation Act of 1986 (COBRA) including any amendments, regulations, or enabling statutes pursuant thereto, or any other similar federal, state or provincial statute or regulation.

D. **ERISA.** Any duties or activities assumed under contract by an INSURED as Named Fiduciary under the Employee Retirement Income Security Act of 1974 (ERISA) or the Pension Benefits Act, including any amendments, regulations, or enabling statutes pursuant thereto, or any other similar federal, state, or provincial statute or regulation.

E. **FRAUDULENT ENTITY.** Or in connection with any FRAUDULENT ENTITY or any entity that the INSURED knew or, if industry standard due diligence had been performed, reasonably should have known is a legally formed entity that is used as a device to commit fraud or other unlawful acts.

F. **INSOLVENCY.** The financial inability to pay, insolvency, receivership, bankruptcy or liquidation of any insurance company, any Individual Practice Association, Health Maintenance Organization, Preferred Provider Organization, Dental Service Plan, Risk Retention Group, Risk Provider Group, self-insured plan or any pool, syndicate, association, or other combination formed for the purpose of providing insurance, or reinsurance, or any healthcare provider or any reinsurer with which the coverage was placed.

However, this exclusion does not apply if, at the time the coverage was placed with any of the above-described entities, such entity or entities were rated by AM Best as B+ or higher, or alternatively, such entities were member insurers of the state guaranty fund or guaranty association in the state or states of domicile of the subject risk, or such entities were guaranteed by a governmental body or bodies and/or operated by a governmental body or bodies, or the coverage was placed with an insurance carrier through a state established residual market insurance program; or the coverage was placed with a County Mutual or Fraternal reinsured by carriers rated by AM Best as B+ or higher.

G. INSURED VS. INSURED. CLAIMS or disputes:

1. between INSUREDS under this POLICY. However, this exclusion does not apply to such CLAIM if the WRONGFUL ACT arises out of PROFESSIONAL SERVICES or OTHER RELATED SERVICES by an INSURED rendered to such other INSURED as a client, provided the INSURED rendering such PROFESSIONAL SERVICES or OTHER RELATED SERVICES does not have an ownership interest in or does not operate, control or manage the risk to be insured;
2. by an enterprise which one or more INSUREDS has either a total of ten percent (10%) or more equity interest, or the INSUREDS operate, control or manage the enterprise. However, this exclusion does not apply to such CLAIM if the WRONGFUL ACT arises out of PROFESSIONAL SERVICES or OTHER RELATED SERVICES by an INSURED rendered to such other INSURED as a client, provided the INSURED rendering such PROFESSIONAL SERVICES or OTHER RELATED SERVICES does not have an ownership interest in the risk to be insured or does not operate, control or manage; or
3. by an enterprise which has either a ten percent (10%) or more equity interest in an INSURED. However, this exclusion does not apply to such CLAIM if the WRONGFUL ACT arises out of PROFESSIONAL SERVICES or OTHER RELATED SERVICES by an INSURED rendered to enterprise as a client, provided the enterprise insured does not operate, control or manage the INSURED.

H. INTENTIONAL ACTS. Any CLAIM for intentional acts, including but not limited to, acts of dishonesty, fraud, criminal conduct, malice, or assault and battery, or intentional BREACH of PERSONAL DATA by any INSURED. CLAIM EXPENSES are recoverable by us against those INSUREDS who, by final judgment, order, or determination in a SUIT are found to have committed such intentional acts. CLAIM EXPENSES are also recoverable by us against those INSUREDS who, by their written or oral admission, committed such intentional acts. However, this exclusion does not apply to those INSUREDS who do not personally participate in or ratify the acts identified above and who notify us once such act has been discovered.

I. LICENSURE. Any actual or alleged WRONGFUL ACT arising from the rendering of PROFESSIONAL SERVICES or OTHER RELATED SERVICES for which a license is required and committed while the INSURED'S license was suspended or revoked. However, this exclusion shall not apply if the only reason for such licensure not being in effect was due to an administrative or clerical error.

J. MARKET VALUES. The INSURED'S promises or guarantees as to the effect of market fluctuations, interest rates, or dividends, with respect to future premium payments or market values.

K. NAMED FIDUCIARY. Your status as a Named Fiduciary.

L. PERSONAL PROFIT OR PROPRIETARY INFORMATION.

1. Any INSURED having gained, in fact, any personal profit or advantage to which he or she was not legally entitled; or
2. any INSURED's misappropriation or unauthorized use of trade secrets or other proprietary information.

M. THIRD-PARTY ADMINISTRATOR. Third-party administrator activities, whether the INSURED performs such activities for a fee or no fee.

- N. **UNSOLICITED ELECTRONIC ADVERTISING.** The unsolicited distribution of marketing materials by telephone facsimile machine, computer, or other device, in violation of the Telephone Consumer Protection Act, 47 USC 227, including any amendments, regulations, or enabling statutes pursuant thereto, or any other similar federal, state, or provincial statute or regulation.
- O. **VIATICALS and STRANGER OWNED LIFE INSURANCE.** The sale or servicing of investments in viaticated policies or of the sale or servicing of investments in STRANGER-OWNED LIFE INSURANCE (STOLI).

VI. COOPERATION

All INSUREDS shall cooperate with us in providing information and documentation requested by us regarding any CLAIM or POTENTIAL CLAIM reported under the POLICY or for any underwriting purpose. All INSUREDS shall cooperate with us in the investigation of any POTENTIAL CLAIM and in the defense, investigation and settlement of any CLAIM. Upon our request, the INSURED shall submit to examination or questioning under oath, attend hearings, depositions and trials and assist in effecting settlements, securing and giving evidence and obtaining the attendance of witnesses in the conduct of SUITS.

All INSUREDS shall assist us in effecting any rights of indemnity, contribution or apportionment available to any INSURED or us, including the execution of such documents as are necessary to enable us to pursue CLAIMS in the INSUREDS' names, and shall provide all other assistance and cooperation which we may reasonably require.

VII. LIMITS OF LIABILITY

- A. All Limits of Liability shall apply in excess of the DEDUCTIBLE. All CLAIM EXPENSES shall be in addition to the applicable Per CLAIM Limit of Liability.
- B. Our liability for the combined total of all DAMAGES for a CLAIM shall not exceed the amount stated in the Declarations as the Per CLAIM Limit of Liability or the sublimit of liability as shown on the Declarations for BREACH of PERSONAL DATA.
- C. Our liability for the combined total of all DAMAGES for all CLAIMS shall not exceed the amount stated in the Declarations as the Aggregate Limit of Liability.

VIII. DEDUCTIBLE

You shall be responsible for the payment of the DEDUCTIBLE indicated on the Declarations. The DEDUCTIBLE applies to DAMAGES and not CLAIM EXPENSES. The total DEDUCTIBLE you shall be responsible to pay during the POLICY PERIOD will not exceed the aggregate amount each POLICY PERIOD, if any, shown on the Declarations.

We will have no obligation whatsoever, to the INSURED to pay all or any portion of the DEDUCTIBLE. We will, however, have the option to do so, in which event the INSURED will repay us any amounts so paid within thirty (30) days of our demand to the FIRST NAMED INSURED.

DEDUCTIBLE REDUCTION. If any INSURED generates and maintains contemporaneous written documentation in the agency file of the refusal of any customer to accept any type of coverage or limit offered by the INSURED, and if the INSURED subsequently has a CLAIM alleging the failure to secure such, 100% of the INSURED'S DEDUCTIBLE for that CLAIM will be waived up to a maximum of \$25,000, or until dismissal of such allegations, whichever is first.

IX. SUBROGATION

If we pay any DAMAGES or CLAIM EXPENSE, we shall be subrogated to the rights of the INSURED against any person or organization. The INSURED shall execute all papers we require and shall do everything that may be necessary to preserve, secure, and pursue our rights, including the execution of such documents as may be necessary to enable us to bring SUIT in the name of the INSURED. All INSUREDS shall cooperate with us and do nothing to jeopardize, prejudice, or terminate such rights. We shall not exercise any subrogation rights against any INSURED, unless the CLAIM arises from any dishonest, fraudulent, or malicious act, error, or omission of such INSURED.

X. REIMBURSEMENT TO COMPANY

If we have paid any amounts as DAMAGES in satisfaction of any CLAIM in excess of the applicable Limit of Liability, or have paid DAMAGES within the amount of the applicable DEDUCTIBLE, you shall be liable to us for any and all such amounts and shall pay such amounts to us within thirty (30) days of our demand.

XI. CHANGES

No change or modification of this POLICY shall be effective except when made by a written endorsement to this POLICY which is signed by our authorized representative.

XII. NO ASSIGNMENT

Neither this POLICY nor any INSURED'S interest in this POLICY may be assigned without our written consent.

XIII. TERMINATION OF COVERAGE

The POLICY shall terminate at the earliest of the following:

- A. if the POLICY is terminated for failure to pay a premium when due, the effective date of the cancellation stated in a written notice of cancellation from us to the FIRST NAMED INSURED, provided such notice is sent by us a least ten (10) days prior to the effective date of cancellation. The mailing of such notice to the FIRST NAMED INSURED shall be sufficient notice and the effective date of cancellation stated in the notice shall become the end of the POLICY PERIOD. Any earned premium shall be computed pro rata;
- B. if the POLICY is terminated by us for any reason other than non-payment of premium, the effective date of the cancellation stated in our written notice of cancellation, provided the FIRST NAMED INSURED receives such notice at least thirty (30) days prior to the effective date of cancellation. The mailing of such notice to the FIRST NAMED INSURED shall be sufficient notice and the effective date of cancellation stated in the notice shall become the end of the POLICY PERIOD. Any earned premium shall be computed pro rata;
- C. upon the surrender of the POLICY by the FIRST NAMED INSURED to us or upon our receipt of your written notice of termination stating when thereafter such cancellation shall be effective. Any earned premium shall be computed in accordance with the customary short rate table and procedure; or
- D. upon expiration of the POLICY PERIOD as set forth in the Declarations.
- E. Other than for nonpayment of premium as provided for in the paragraph A. above, and notwithstanding any provision to the contrary in this POLICY or in any state amendatory endorsement which may be attached to this POLICY providing more restrictive language, if this POLICY has been in force for 60 days or more, we will not cancel the POLICY mid-term.

XIV. EXTENDED REPORTING PERIOD:

- A. **EXTENDED REPORTING PERIOD TERMS.** The following provisions are applicable to all Extended Reporting Periods:
 - 1. The extended reporting periods cover CLAIMS arising out of WRONGFUL ACTS that occurred prior to cancellation or expiration of the POLICY and on or after any RETROACTIVE DATE applicable to the expired or terminated POLICY.
 - 2. If you have obtained a replacement POLICY, the Extended Reporting Period will apply only in the event the replacement POLICY limits have been exhausted for a CLAIM that qualifies for coverage under this section.
 - 3. The Limit of Liability during the final POLICY PERIOD immediately preceding the cancellation or non-renewal of the POLICY shall apply to CLAIMS reported during the final POLICY PERIOD together with CLAIMS reported during the Extended Reporting Period.

4. If any Extended Reporting Period option is exercised, it cannot be terminated or modified by you or us.
- B. **AUTOMATIC EXTENDED REPORTING PERIOD.** If we or you choose to cancel or not renew this POLICY, this POLICY will apply to CLAIMS first made against you during the POLICY PERIOD and reported in writing to us during the sixty (60) days immediately following the date of cancellation or expiration.
- C. **OPTIONAL EXTENDED REPORTING PERIODS.** Subject to the above-identified terms and conditions, payment of all outstanding premiums or DEDUCTIBLES due, and your electing within sixty (60) days from the date of cancellation or non-renewal of the POLICY. The first sixty (60) days of the Optional Extended Reporting Period, if it is purchased, shall run concurrently with the Automatic Extended Reporting Period. The following Extended Reporting Periods are available:
1. If we or you choose to cancel or not renew the POLICY, you shall have the right to extend the time for reporting CLAIMS made against any INSURED under the POLICY per the following schedule. The additional premium for the Extended Reporting Period shall be:

Extended Reporting Period	Premium (as determined by this Section XIV. C.5.)
1 year	100%
2 years	150%
3 years	185%

The FIRST NAMED INSURED must send us written notice of its intent to purchase the option along with the additional premium for the Extended Reporting Period within sixty (60) days of the cancellation or non-renewal of the POLICY.

2. In addition to the above, we will issue an Extended Reporting Period Endorsement for an unlimited period at no additional premium following the cancellation or non-renewal of this POLICY provided that:
- a. you, as an individual, are the sole owner and the sole producer; and
 - b. you retire from the profession of insurance and your retirement is for reasons other than a suspension, revocation, or surrender of your license; and
 - c. you have reached the age of 62 and have been insured by us for 10 consecutive years prior to the POLICY termination or cancellation.
3. In addition to the above, if you are the sole owner and sole producer, we will issue a 10 year Extended Reporting Period endorsement at no additional premium provided:
- a. cancellation or termination of the POLICY is due to your death or you are totally and permanently disabled during the POLICY PERIOD; and
 - b. in the event of disability, you are continuously, totally, and permanently disabled from your profession for a minimum of six (6) months after issuance of this POLICY; and
 - c. any death or total and permanent disability does not arise from a self-inflicted injury, suicide, alcohol, or drug abuse; and
 - d. satisfactory written evidence of death or total and permanent disability is provided by you or your legal representative within sixty (60) days of death or total and permanent disability.

4. In addition to the above, if this POLICY is canceled by the FIRST NAMED INSURED, due to your merger, consolidation, or sale to another entity, or death or retirement of the owner, the FIRST NAMED INSURED shall also have the right to purchase an Extended Reporting Period provided:
 - a. such merger, consolidation, or sale is not due to suspension, revocation, or surrender of an insured's license; and
 - b. the FIRST NAMED INSURED must send us written notice of its intent to purchase the option along with the additional premium for the Extended Reporting Period within sixty (60) days of the cancellation or non-renewal of the POLICY.

SCHEDULE:

Extended Reporting Period for Sale, Merger, Death, or Retirement	Premium (as determined by this Section XIV. C.5.)
1 year	100%
2 years	150%
3 years	185%
4 years	220%
5 years	250%
6 years	260%
7 years	270%
8 years	280%
9 years	290%
10 years	300%

5. The premium for all Optional Extended Reporting Period Schedules against which all Schedule percentages shall apply will be determined as follows:

The premium to be applied in the Schedule will be the average of all the most recent annual premiums assessed against the INSURED for Insurance Agencies Professional Liability policy(ies) issued by Westport or another affiliated company of Westport, back to the date of first continuous coverage, up to a maximum of three years.

Annual premium for purposes of this section is defined as the premium shown in the Declarations combined with any annualized premiums resulting from any endorsements.

XV. ACQUISITIONS AND MERGERS / MATERIAL CHANGES

In the event of any merger, consolidation, amalgamation, or acquisition of any entity or any material change in your operations, you shall notify us of such change within one-hundred twenty (120) days of the date of such change.

XVI. MULTIPLE INSURED AND CLAIMANTS

The inclusion of more than one INSURED in any CLAIM or the making of CLAIMS by more than one person or organization shall not increase the Limits of Liability or the DEDUCTIBLE. Two or more CLAIMS arising out of a single WRONGFUL ACT, or a series of related or continuing WRONGFUL ACTS, shall be a single CLAIM. All such CLAIMS, whenever made, shall be considered first made on the date on which the earliest CLAIM was first made arising out of such WRONGFUL ACT, and all such CLAIMS are subject to one Per CLAIM Limit of Liability and DEDUCTIBLE.

XVII. LIBERALIZATION

If, during the POLICY PERIOD we adopt revised provisions for this POLICY in order to afford, without additional premium, broader insurance to all INSURED covered by this POLICY, such provision will apply to this POLICY effective the date the provision has been approved by the appropriate regulatory authority and such revision shall apply only to CLAIMS first made, or POTENTIAL CLAIMS of which you first become aware, after the date of such approval.

XVIII. OTHER INSURANCE

Except as provided in the EXCLUSIONS in this POLICY, if there is other insurance applicable to a CLAIM covered by this POLICY, this POLICY shall be deemed excess insurance over and above the applicable Limits of Liability of all such other insurance unless such other insurance is specifically written as excess insurance over the Limits of Liability provided in this POLICY.

XIX. ACTION AGAINST US

No action shall lie against us unless, as a condition precedent thereto, all INSUREDS shall have fully complied with all the terms and conditions of this POLICY and not until the amount of all INSUREDS' obligations to pay has been finally determined either by judgment against all INSUREDS after actual trial or by written agreement of you, the claimant and us.

Nothing contained in the POLICY shall give any person or organization any right to join us as a co-defendant in any action against any INSURED to determine any INSURED'S liability.

XX. APPLICABLE LAWS

Any terms of the POLICY which are in conflict with any laws and regulations governing the POLICY are hereby amended to conform to such laws and regulations.

XXI. TERRITORY

This POLICY applies to WRONGFUL ACTS that occur anywhere in the world, but the INSURED'S responsibility to pay DAMAGES must be determined in a SUIT on the merits or in a settlement to which we have agreed.

XXII. WAIVER

Our failure to insist on strict compliance with any of the terms, provisions or conditions of this POLICY or the failure to exercise any right or privilege shall not operate or be construed as a waiver thereof or of any subsequent breach thereof or a waiver of any other terms, provisions, conditions, privileges, or rights.

XXIII. ENTIRE AGREEMENT

By acceptance of this POLICY, all INSUREDS reaffirm as of the effective date of this POLICY that (a) the statements in the Declarations and your most recent application(s) and all information communicated by the INSUREDS to us are true and accurate and are all INSUREDS' agreements and representations, (b) this POLICY is issued in reliance upon the truth and accuracy of such representations which are material to our issuance of this POLICY and (c) this POLICY embodies all agreements between INSUREDS and us or any of our agents relating to this insurance.

IN WITNESS WHEREOF, the Company has caused this POLICY to be signed by its President and Secretary, but the same shall not be binding upon the Company unless it has been countersigned on the Declarations page by a duly authorized representative of the Company.

WESTPORT INSURANCE CORPORATION

Facsimile signature to be inserted

President

Facsimile signature to be inserted

Secretary

Westport Insurance Corporation

PROFESSIONAL SERVICES EXCLUSION

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Section V. EXCLUSIONS is amended to add the following exclusion:

PROFESSIONAL SERVICES. WRONGFUL ACTS arising out of services provided as a(n)
_____.

☐ prior to _____.

☐ subsequent to _____.

☐ exclusion applies regardless of when the WRONGFUL ACT took place.

All other terms and conditions of this policy shall remain unchanged.

This endorsement forms a part of the policy to which attached, effective on the inception date of the policy unless otherwise stated herein.

(The information below is required only when this endorsement is issued subsequent to the preparation of the policy.)

Endorsement Effective
Named Insured

Policy No.

WESTPORT INSURANCE CORPORATION

Countersigned.

*Facsimile signature to be
inserted*

*Facsimile signature to be
inserted*

Authorized Representative

President

Secretary

Westport Insurance Corporation

LINE OF BUSINESS EXCLUSION ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Section V. EXCLUSIONS is amended to add the following exclusion:

LINES OF BUSINESS. The solicitation, issuance, processing or handling of any policy (including applications and claims) that provides insurance coverage arising out of the line of insurance or business class shown below.

- ☐ Aviation
- ☐ Crop
- ☐ Flood
- ☐ Insurance Placed with Surplus Lines insurance companies
- ☐ Life, Annuity, Accident and Health
- ☐ Livestock Mortality
- ☐ Long-Haul Trucking
- ☐ Medical Malpractice
- ☐ Petroleum Business Classes
- ☐ Surety Bonds
- ☐ Wet Marine
- ☐ Other: _____

☐ if the WRONGFUL ACT was prior to _____.

☐ if the WRONGFUL ACT was subsequent to _____.

☐ exclusion applies regardless of when the WRONGFUL ACT took place.

ACCEPTED:

Name: _____
(Authorized Representative of the First Named Insured)

By: _____ Date: _____
Title: _____

All other terms and conditions of this policy shall remain unchanged.

This endorsement forms a part of the policy to which attached, effective on the inception date of the policy unless otherwise stated herein.

(The information below is required only when this endorsement is issued subsequent to the preparation of the policy.)

Endorsement Effective
Named Insured

Policy No.

WESTPORT INSURANCE CORPORATION

Countersigned.

*Insert facsimile signature
here*

*Insert facsimile signature
here*

Authorized Representative

President

Secretary

Westport Insurance Corporation

INVESTMENT ADVISER ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

In consideration of the payment of an additional premium, this POLICY is amended, as follows:

SECTION IV. DEFINITIONS AND EXPLANATIONS OF TERMS, R. PROFESSIONAL SERVICES is amended to add:

Services rendered to a CLIENT as a REGISTERED REPRESENTATIVE while properly licensed according to all states or jurisdictional laws governing the service or transaction for the sale or servicing of mutual funds, bonds, unit investment trusts, or ETF's and/or stocks traded on a public exchange through a BROKER DEALER that is a member of the Financial Industry Regulatory Authority.

Services rendered to a CLIENT as an INVESTMENT ADVISER REPRESENTATIVE while properly licensed according to all states or jurisdictional laws governing the service or transaction and only to the extent the individual rendering such services is providing investment advice on behalf of and under the supervision and cover of the REGISTERED INVESTMENT ADVISER or Federal Covered Adviser.

SECTION IV. DEFINITIONS AND EXPLANATIONS OF TERMS is amended to add the following:

BROKER DEALER. BROKER DEALER means any securities broker or dealer as those terms are defined in the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Company Act of 1940, or the Investment Advisers Act of 1940, as amended.

CLIENT. CLIENT means people or entities to which PROFESSIONAL SERVICES or OTHER RELATED SERVICES are rendered but does not include the INSURED or any OWNED OR RELATED ENTITY or any Insurance Company or BROKER DEALER.

INVESTMENT ADVISER REPRESENTATIVE. INVESTMENT ADVISER REPRESENTATIVE means any person who is supervised by a REGISTERED INVESTMENT ADVISER or a Federal Covered Adviser (as defined in the Investment Advisers Act of 1940, as amended).

JUNK BONDS. JUNK BONDS means a high-risk, non-investment-grade bond with a credit rating of BB or lower.

OWNED OR RELATED ENTITY. OWNED OR RELATED ENTITY means:

- a. any entity which one or more INSURED has either a total of ten percent (10%) or more equity interest,
- b. any entity which one or more INSURED operates, controls, or manages, or
- c. any entity which has either a ten percent (10%) or more equity interest in an INSURED, or operates, controls, or manages an INSURED.

PENNY STOCKS. PENNY STOCKS means low-priced speculative issues of stock selling at less than \$1.00 a share.

PROPRIETARY PRODUCTS. PROPRIETARY PRODUCTS means investment products or funds in which an INSURED has an ownership interest.

REGISTERED INVESTMENT ADVISER. REGISTERED INVESTMENT ADVISER means, pursuant to the Investment Advisers Act of 1940, a person or firm that, for compensation, is engaged in the act of providing advice, making recommendations, issuing reports or furnishing analyses on securities, either directly or through publication:

- a. who is registered either with the Securities and Exchange Commission (SEC) or state securities authorities; and
- b. who is not an OWNED OR RELATED ENTITY.

For the purposes of this endorsement only, **SECTION V. EXCLUSIONS** is amended to add the following exclusions:

BENEFICIARY. Or in connection with an INSURED as a beneficiary of any trust or estate.

DISCRETIONARY AUTHORITY/POWER OF ATTORNEY. Any agreement with the CLIENT (express or implied) giving an INSURED the discretion in buying or selling any investment products or other discretionary trading on behalf of the CLIENT, whether by power of attorney or otherwise provided; however, this exclusion shall not apply to any INSURED providing an asset allocation service pursuant to a written asset allocation plan executed by the CLIENT.

INVESTMENT BANKING ACTIVITIES. Any actual or alleged underwriting, syndicating, or investment banking work or associated counselling, or investment activities.

CORPORATE ACTIONS. Any actual or alleged underwriting or associated counselling on corporate actions including but not limited to, any aspect of any actual, attempted or threatened mergers, acquisitions, divestiture, tender offer, proxy contest, leveraged buy-outs, going private transactions, reorganizations, capital restructuring, recapitalization, spinoffs, primary or secondary offerings of securities (regardless of whether the offering is a public offering or a private placement), other efforts to raise or furnish capital or financing for any enterprise or entity or any disclosure requirements in connection with any of the foregoing.

OTHER INVESTMENTS. Any private company placements, PROPRIETARY PRODUCTS, PENNY STOCKS, JUNK BONDS, commodities, commodity futures contracts, option contracts, inverse exchange traded funds, or funds not registered with the Securities Exchange Commission.

TRUSTEE. An INSURED'S service as a trustee or as a distributor of any trust or estate.

BROKER/DEALER. Monetary or equitable relief sought by any Broker/Dealer or any investment company, against the INSURED.

CONTRACTUAL LIABILITY. Liability assumed under contract or agreement by the INSURED, unless the INSURED would have been legally liable in the absence of such contract.

GUARANTEES. Or in connection with the INSURED making promises or guarantees as to the future value of any investment.

MARKET FLUCTUATION. DAMAGES alleged to have been sustained through fluctuations in the investment market.

SECURITIES. Any CLAIM arising out of a willful, reckless or intentional violation of the rules or regulations of:

1. the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Company Act of 1940, The Public Utility Holding Company Act of 1935, or any Blue Sky statutes, or any rules or regulations promulgated under any of the foregoing.
2. Any self-regulating organization including, but not limited to, FINRA or its predecessors, or any state regulatory agency.

However, this exclusion shall apply only when the failure to comply with such rule or regulation has material impact on the outcome of the CLAIM.

TAX ADVICE. The activities of any INSURED engaged in services as a tax advisor.

For the purposes of this endorsement only, **SECTION VII. LIMITS OF LIABILITY** is amended to add the following:

Our sub-limit of liability for all DAMAGES arising out of the coverage provided by this endorsement during the POLICY PERIOD will not exceed _____ each CLAIM and all CLAIMS each POLICY PERIOD. All amounts paid by us for all DAMAGES and /or CLAIM EXPENSE, if applicable, are part of, and not in addition to, the Aggregate Limit of Liability stated in the Declarations.

With respect to coverage afforded by this endorsement, our obligations will cease, including all obligations for CLAIMS then in progress, on the date Limits of Liability under this POLICY or the sublimit of liability under this endorsement is exhausted.

Additional Premium: \$ _____

Endorsement Retroactive Date: _____

All other terms and conditions of this policy shall remain unchanged.

This endorsement forms a part of the policy to which attached, effective on the inception date of the policy unless otherwise stated herein.

(The information below is required only when this endorsement is issued subsequent to the preparation of the policy.)

Endorsement Effective
Named Insured

Policy No.

WESTPORT INSURANCE CORPORATION

Countersigned.

*Facsimile signature
to be inserted*

*Facsimile signature
to be inserted*

Authorized Representative

President

Secretary

Westport Insurance Corporation

EMPLOYEE BENEFIT SPECIALIST ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

In consideration of the payment of an additional premium, this POLICY is amended as follows:

SECTION IV. DEFINITIONS AND EXPLANATION OF TERMS, K. OTHER RELATED SERVICES, is amended to add the following:

Services as a THIRD-PARTY ADMINISTRATOR for EMPLOYEE BENEFIT PLANS;

Services as a COBRA administrator for CLIENTS;

The solicitation and referral of CLIENTS to a GENERAL HEALTH AND WELLNESS MANAGEMENT AND HEALTH MANAGEMENT SERVICES provider;

Services provided to CLIENTS as a HUMAN RESOURCES CONSULTANT;

Education and training offered to CLIENTS on topics directly pertaining to the PROFESSIONAL SERVICES or OTHER RELATED SERVICES for which the INSURED is covered by this POLICY;

Assisting CLIENTS in the DETERMINATION OF WORKFORCE;

The provision of GENERAL HEALTH AND WELLNESS MANAGEMENT AND HEALTH MANAGEMENT SERVICES to CLIENTS; or

The provision of legal advice to CLIENTS in connection with PROFESSIONAL SERVICES or OTHER RELATED SERVICES offered by the NAMED INSURED by a licensed IN-HOUSE LAWYER.

For purposes of this endorsement only, **SECTION IV. DEFINITIONS AND EXPLANATIONS OF TERMS** is amended to add the following:

CREDENTIALING. CREDENTIALING means the verification of a health care provider's credentials.

CLIENTS. CLIENTS means people or entities to which PROFESSIONAL SERVICES or OTHER RELATED SERVICES are rendered but does not include any INSURED or any owned or related entity or any Insurance Company or Broker/Dealer.

DETERMINATION OF WORKFORCE. DETERMINATION OF WORKFORCE means advice, determination and calculation by the INSURED regarding:

- a. the determination, categorization or calculation of the number of full-time or part-time employees in any workforce pursuant to the Affordable Care and Reconciliation Act or subsequent amendments thereto or any similar state legislation; or
- b. the determination of the threshold under any controlled group business aggregation rule pursuant to the Affordable Care and Reconciliation Act or subsequent amendments thereto or any similar state legislation,

but only if the DETERMINATION OF WORKFORCE is based on employee data provided to the INSURED by the CLIENT.

EMPLOYEE BENEFIT PLAN. EMPLOYEE BENEFIT PLAN means any group health or welfare plan of a CLIENT of the INSURED.

GENERAL HEALTH AND WELLNESS MANAGEMENT AND HEALTH MANAGEMENT SERVICES. GENERAL HEALTH AND WELLNESS MANAGEMENT AND HEALTH MANAGEMENT SERVICES shall mean assessing overall health care needs for an employee population, developing healthcare programs, consulting employers regarding overall health care needs, evaluating wellness programs, and providing general healthcare assessments for individual participants for CLIENTS. It does not include the rendition of medical services or the practice of medicine.

HUMAN RESOURCES CONSULTANT. HUMAN RESOURCES CONSULTANT means a person or entity who offers consultation, training, or counseling on the following but who does not directly administer the following:

1. general employee motivation, development, team building, and incentive programs;
2. personnel record keeping;
3. compensation plans;
4. policies or procedures concerning the hiring, termination, conduct, supervision, advancement, discipline, or other treatment of employees in general, including reviewing and revising the customer's existing employee handbooks or supervisory policy manuals.

IN-HOUSE LAWYER. IN-HOUSE LAWYER means any lawyer licensed and authorized to practice law in the state in which services are rendered and at the time when services are rendered and who is either a full or part-time employee of the NAMED INSURED while rendering such services.

REFERRAL OF CLIENTS TO VENDORS. REFERRAL OF CLIENTS TO VENDORS means the provision of names of vendors from which a CLIENT can choose a vendor of services but does not mean the selection of the vendor for the CLIENT.

PEER REVIEW. PEER REVIEW means the assessment of quality of services rendered by any person or organization acting as a health care provider.

THIRD-PARTY ADMINISTRATOR. THIRD-PARTY ADMINISTRATOR means an administrator other than a Named Fiduciary or Trustee as defined under the Employee Retirement Income Security Act of 1974 who provides administrative services to employers or insurance carriers pursuant to a written contract. Administration includes:

1. explaining plan provisions, handling day-to day ministerial functions, including enrollment and recordkeeping;
2. completing and filing required employer statements and reports with government agencies;
3. claims review and payment, including maintenance of employee eligibility records;
4. negotiations with insurers to provide stop-loss protection for large CLAIMS;
5. REFERRAL OF CLIENTS TO VENDORS offering services other than insurance, including but not limited to back up childcare, adult daycare, employee grief counseling, health advocate services, and similar employee benefit services; or
6. premium collection and accounting, including the administration of Health Savings Accounts, or Flexible Spending Accounts.

However, administration shall not include assuming the responsibility of the Named Fiduciary under ERISA or of the employer where statute does not allow the transfer of responsibility.

UTILIZATION REVIEW. UTILIZATION REVIEW means the review of the necessity, appropriateness, cost, type or utilization of health care services and CREDENTIALING of health care service providers.

SECTION V. EXCLUSIONS is amended to delete the following:

Exclusion C. **COBRA ADMINISTRATION.**

Exclusion M. **THIRD-PARTY ADMINISTRATOR.**

SECTION V. EXCLUSIONS is amended to add the following:

ACTIVITIES AS AN INSURER. Any obligations assumed by the INSURED as an insurer, self-insurer, or reinsurer.

CONSULTATION REGARDING SPECIFIC EMPLOYEES. Directly rendering consultation or counseling to a specific employee, specific former employee, or a specific person seeking (or who sought) employment with the CLIENT, on behalf of the CLIENT, without the CLIENT present, or any consultation or counseling of any employee, former employee, or person seeking (or who sought) employment with any CLIENT of the INSURED.

CONTRACTUAL LIABILITY. Any liability assumed by the INSURED under contract, unless the INSURED would have been legally liable in the absence of such contract.

COMPUTER MALFUNCTION. The unauthorized access to or malfunction of the Insured's computer system or computer network, or any disruption of power supply to the INSURED'S computer system or network.

CORPORATE ACTIONS. Any counselling on corporate actions including but not limited to, any aspect of any mergers, acquisitions, group layoffs, restructuring, or plant or facility closings.

DISCRIMINATION. Discrimination, including but not limited to any discrimination on the basis of race, sex, national origin, religion, age, color, marital status, disability, handicap, sexual preference, or military or veteran status.

EMPLOYEE HANDBOOKS OR MANUALS. The original design of employee manuals or supervisory policy manuals; however, this shall not apply if you have retained independent outside legal counsel to assist in the original design.

EXCLUDED PROFESSIONAL SERVICES. The INSURED'S activities in rendering actuarial, accounting, or tax advising services.

FUNDING BY PLAN SPONSOR. The failure of any plan sponsor or any authorized representative of any plan sponsor to make funding contribution or insurance premium payments.

GUARANTEES. The insured making promises or guarantees as to the impact of wellness programs on the overall health of a group or of an individual participant.

LABOR DISPUTES. Any labor dispute or negotiations or violations of a collective bargaining agreement, strikes or lock-outs.

PLAN DESIGN. The actual design of any EMPLOYEE BENEFIT PLAN.

SOFTWARE DESIGN, DEVELOPMENT OR CUSTOMIZATION. Any software design, development, or customization performed by the INSURED.

UTILIZATION REVIEW, PEER REVIEW OR CREDENTIALING. The performance of or failure to perform any UTILIZATION REVIEW, PEER REVIEW, OR CREDENTIALING.

Additional Premium: \$ _____

Endorsement Retroactive Date: _____

All other terms and conditions of this policy shall remain unchanged.

This endorsement forms a part of the policy to which attached, effective on the inception date of the policy unless otherwise stated herein.

(The information below is required only when this endorsement is issued subsequent to the preparation of the policy.)

Endorsement Effective
Named Insured

Policy No.

Countersigned.

WESTPORT INSURANCE CORPORATION

Authorized Representative

*Facsimile signature
to be inserted*

President

*Facsimile signature
to be inserted*

Secretary

Westport Insurance Corporation

ADDITIONAL INSURED(S)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Section IV. DEFINITIONS AND EXPLANATIONS OF TERMS, I. INSURED is amended to include the following:

The individual(s) and/or entity(ies) listed below and their employees, if any, is/are additional INSURED(s) under this POLICY, but only as respects PROFESSIONAL SERVICES or OTHER RELATED SERVICES rendered or that should have been rendered on behalf of the NAMED INSURED:

for WRONGFUL ACTS committed:

- ☐ prior to _____.
- ☐ subsequent to _____.
- ☐ full prior acts
- _____

for WRONGFUL ACTS committed:

- ☐ prior to _____.
- ☐ subsequent to _____.
- ☐ full prior acts
- _____

for WRONGFUL ACTS committed:

- ☐ prior to _____.
- ☐ subsequent to _____.
- ☐ full prior acts

All other terms and conditions of this policy shall remain unchanged.

This endorsement forms a part of the policy to which attached, effective on the inception date of the policy unless otherwise stated herein.

(The information below is required only when this endorsement is issued subsequent to the preparation of the policy.)

Endorsement Effective
Named Insured

Policy No.

WESTPORT INSURANCE CORPORATION

Countersigned.

*Facsimile signature to be
inserted*

Authorized Representative President

*Facsimile signature to be
inserted*

Secretary

SERFF Tracking #:

SWRE-130802609

State Tracking #:

Company Tracking #:

DC-16-14808

State: District of Columbia

Filing Company:

Westport Insurance Corporation

TOI/Sub-TOI: 17.2 Other Liability-Claims Made Only/17.2019 Professional Errors and Omissions Liability

Product Name: Independent Insurance Agents Professional Liability

Project Name/Number: Oct 2016 forms revision/DC-16-14808

Supporting Document Schedules

Bypassed - Item:	Readability Certificate
Bypass Reason:	n/a
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Consulting Authorization
Bypass Reason:	n/a
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Copy of Trust Agreement
Bypass Reason:	n/a
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Expedited SERFF Filing Transmittal Form
Bypass Reason:	n/a
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Change Summary & Individual Side x Side Comparisons
Comments:	
Attachment(s):	Filing Summary Worksheet Explanation.pdf SP 4 584 1215 side x side.pdf SP 000 240 Side x Side.pdf SP 5 037 Side x Side.pdf SP 10 793 1016.pdf SP 10 794 Side x Side.pdf
Item Status:	
Status Date:	

Form	Description	New / Revised	Replace Form #	Explanation of changes - Also refer to Side x Side Included with Filing
SP 4 584	Policy Form	Revised	SP 4 584 1215	<p>I. COVERAGE, D. ADDITIONAL COVERAGES, 5. CRISIS MANAGEMENT:</p> <p>We will reimburse the NAMED INSURED up to \$20,000 per POLICY PERIOD for fees, costs, and expenses incurred by the NAMED INSURED within 6 months of the CRISIS EVENT and directly caused by the CRISIS EVENT, resulting from CRISIS EVENT management services.</p> <p>The CRISIS EVENT must first occur and must be reported to the Company during the POLICY PERIOD. The most we will pay under this additional coverage per POLICY PERIOD for CRISIS EVENT expenses EXPENSES associated with all CRISIS EVENTS subject to this paragraph is \$20,000. No deductible shall apply to this coverage. Limits provided by this paragraph are part of and not in addition to the limits provided by the POLICY.</p> <p>II. DEFENSE, INVESTIGATION AND SETTLEMENT OF CLAIMS, B. 2:</p> <p>the amount of CLAIM EXPENSE that was incurred up to the time we made the recommendation, plus 40% of the amount of CLAIM EXPENSES which are in excess of that<u>incurred after the time we made the settlement recommendation</u>, subject to paragraph C of this section</p> <p>IV. DEFINITIONS AND EXPLANATIONS OF TERMS, D.3: (Last Paragraph)</p> <p>CLAIM EXPENSE, except as provided in this definition D.3.e, shall not include salaries, loss of earnings, or expenses of regular employees, our officials, or you.</p> <p>IV. DEFINITIONS AND EXPLANATIONS OF TERMS, X. CRISIS MANAGEMENT SERVICES</p> <p>crisis management services means services performed by an established public relations firm designed to minimize potential harm to the NAMED INSURED from a covered CRISIS EVENT by managing adverse media coverage<u>ADVERSE MEDIA COVERAGE</u> and maintaining and restoring public confidence in the NAMED INSURED.</p> <p>V. EXCLUSIONS, E. FRAUDULENT ENTITY:</p> <p>Or in connection with any FRAUDULENT ENTITY or any entity that the Insured INSURED knew or, if industry standard due diligence had been performed, reasonably should have known is a legally formed entity that is used as a device to commit fraud or other unlawful acts.</p> <p>V. EXCLUSIONS G 3.:</p> <p>by an enterprise which has <u>either</u> a ten percent (10%) or more equity interest in an INSURED. However, this exclusion does not apply to if such <u>CLAIM if the WRONGFUL ACT arises out of enterprise to whom</u> PROFESSIONAL SERVICES or OTHER RELATED SERVICES <u>by an INSURED were rendered to enterprise as a client, provided the enterprise insured does, did not operate, control influence the INSURED or manage the INSURED, intervene in the rendering of such services.</u></p>

Form	Description	New / Revised	Replace Form #	Explanation of changes - Also refer to Side x Side Included with Filing
				<p>XIII. TERMINATION OF COVERAGE: C.</p> <p>upon the surrender of the POLICY by the FIRST NAMED INSURED to us or upon our receipt of your written notice of termination stating when thereafter such cancellation shall be effective. Any earned premium shall be computed in accordance with the customary short rate table and procedure; or (no change to wording - remove paragraph / space prior to last sentence)</p>
SP 10 793 1016	Investment Adviser Endorsement	Revised	SP 10 793 0116	<p>SECTION IV. DEFINITIONS AND EXPLANATIONS OF TERMS, R. PROFESSIONAL SERVICES is amended to add:</p> <p>Services rendered to a CLIENT as a <u>Registered Representative</u>registered representative while properly licensed according to all states or jurisdictional laws governing the service or transaction for the sale or servicing of mutual funds, bonds, unit investment trusts, or ETF's and/or stocks traded on a public exchange through a Broker Dealer that is a member of the Financial Industry Regulatory Authority.</p> <p>Services rendered to a CLIENT as an investment adviser representative while properly licensed according to all states or jurisdictional laws governing the service or transaction and only to the extent the individual rendering such services is providing investment advice on behalf of and under the supervision and cover of the Investment Adviser REGISTERED INVESTMENT ADVISER in both paragraphs</p> <p>SECTION IV. DEFINITIONS AND EXPLANATIONS OF TERMS is amended to add the following:</p> <p>investment adviser representative. INVESTMENT ADVISER representative REPRESENTATIVE means any person who is supervised by a Registered Investment REGISTERED INVESTMENT Adviser or a Federal Covered Adviser (as defined in the Investment Advisers Act of 1940, as amended).</p>
SP 10 794 1016	Employee Benefit Specialist Enorsement	Revised	SP 10 794 0116	<p>SECTION IV. DEFINITIONS AND EXPLANATION OF TERMS, K. OTHER RELATED SERVICES, is amended to add the following:</p> <p>Services as a COBRA AdministraTor administrator for CLIENTS;</p> <p>The solicitation and referral of CLIENTS to WELLNESS PROVIDERS a GENERAL HEALTH AND WELLNESS MANAGEMENT AND HEALTH MANAGEMENT SERVICES provider;</p> <p>SECTION IV. DEFINITIONS AND EXPLANATIONS OF TERMS is amended to add the following:</p> <p>CLIENTS. CLIENTS means people or entities to which PROFESSIONAL SERVICES or OTHER RELATED SERVICES are rendered but does not include any INSURED or any owned or related entity OWNED OR RELATED ENTITY or any Insurance Company or Broker/Dealer.</p> <p>SECTION V. EXCLUSIONS is amended to add the following:</p>

Form	Description	New / Revised	Replace Form #	Explanation of changes - Also refer to Side x Side Included with Filing
				CONSULTATION REGARDING SPECIFIC EMPLOYEES. An INSURED <u>Directly</u> rendering consultation or counseling to a CLIENT'S <u>specific</u> employee or, specific former employee; or a specific person seeking (or to an applicant for <u>who sought)</u> employment with the CLIENT, on behalf of the CLIENT, without the CLIENT being present, or any consultation or counseling of any employee, former employee or person seeking (or who sought) employment with any CLIENT of the insured.
SP 5 037 1016	Line of Business Exclusion Endorsement	Revised	SP 5 037 0610	Add 3 checkboxes in place of Retroactive date - see side x side
SP 000 240 1016	Professional Services Exclusion	Revised	SP 000 240 0610	Reference to Section V. Exclusions included as well as adding check boxes for prior to, subsequent to, and exclusion applies regardless of when the WRONGFUL ACT took place.
SP 12 824 1016	Additional Insured Endorsement	New		

Westport Insurance Corporation

INSURANCE INDUSTRY PROFESSIONAL LIABILITY COVERAGE FOR INSURANCE AGENCIES

NOTICE — THIS IS A CLAIMS MADE POLICY — PLEASE READ THIS POLICY CAREFULLY TO DETERMINE YOUR RIGHTS AND DUTIES AND WHAT IS AND WHAT IS NOT COVERED. THE COMPANY WILL NOT PAY ANY AMOUNTS OR TAKE ANY ACTION EXCEPT AS PROVIDED IN THIS POLICY.

This insurance is written on a CLAIMS made basis and applies only to CLAIMS first made against the INSURED during the POLICY PERIOD and reported to Westport Insurance Corporation (hereafter referred to as the "Company") as provided in the POLICY.

Terms of this POLICY that are in capitalized letters have meanings set forth in the **DEFINITIONS AND EXPLANATION OF TERMS** section. The capitalized and bolded headings are descriptive only and do not create or limit coverage in any way.

Throughout this POLICY the words "you" and "your" refer to the NAMED INSURED shown in the Declarations. The words "we," "us" and "our" refer to the company providing the insurance.

In consideration of the payment of premium, and in reliance upon the statements, representations, attachments and exhibits contained and submitted with the application for this POLICY, and also subject to all the exclusions, conditions and other requirements of this POLICY, we agree as follows:

I. COVERAGE

- A. We will pay on behalf of the INSURED all sums in excess of the DEDUCTIBLE that the INSURED becomes legally obligated to pay as DAMAGES caused by WRONGFUL ACTS resulting in any CLAIM first made against the INSURED during the POLICY PERIOD and reported in writing to us or the producing agent as soon as practicable.
- B. In order to be covered by this POLICY, a CLAIM must seek DAMAGES arising from a WRONGFUL ACT committed either by the INSURED, or by a person for whose WRONGFUL ACTS the INSURED is legally liable, and such WRONGFUL ACT must take place:
 - 1. during the POLICY PERIOD; or
 - 2. prior to the POLICY PERIOD but on or after the RETROACTIVE DATE.
- C. Notwithstanding paragraphs A. or B. above, this **COVERAGE** section does not provide coverage for any CLAIM, if at the time prior to the effective date of this POLICY, or any Employers Reinsurance Corporation or Westport Insurance Corporation policy this POLICY replaces, you or any owner, officer or partner of the NAMED INSURED:
 - 1. knew of a CLAIM or POTENTIAL CLAIM; or
 - 2. with regard to a BREACH of PERSONAL DATA, was aware of such BREACH.

D. ADDITIONAL COVERAGES

- 1. **CATASTROPHE EXTRA EXPENSE.** We will pay up to \$25,000 per catastrophe subject to a per POLICY PERIOD aggregate limit of \$50,000 for the actual extra expenses incurred by you as a result of a catastrophe during the POLICY PERIOD beginning on the date of a catastrophe and for thirty (30) days thereafter. The extra expense incurred must be incurred by you only to assist in the insurance claims processing needs of your customer(s) who have been affected by the catastrophe. The catastrophe must be a declared catastrophe by the Property Claims Services. A \$500 deductible for each catastrophe shall apply. Limits provided by this paragraph are part of and not in addition to the limits provided by this POLICY.

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2. **SUBPOENA.** If, during the POLICY PERIOD you receive a subpoena for documents or testimony relating to your business services and the subpoena is not related to a CLAIM under this POLICY, we will, at your request and upon receipt of a copy of the subpoena, retain legal counsel to advise you regarding the document production or to represent you during testimony. We will pay the expenses incurred in providing advice regarding the production of documents, review of the documents prior to production, your preparation for testifying, and representation during testimony. The maximum amount payable, regardless of the number of subpoenas reported or the number of INSUREDS subject to all subpoenas shall be \$10,000 per POLICY PERIOD. The DEDUCTIBLE shall not apply to this provision; however, any payments made by us under this provision will be included within the applicable Limit of Liability and not in addition thereto. Any notification you give us of such subpoena shall be deemed to be notification of a POTENTIAL CLAIM under this POLICY. If this POTENTIAL CLAIM ultimately results in a CLAIM, any expenses we have paid will be included in CLAIM EXPENSE.

3. **PERSONAL DATA PROTECTION.** Notwithstanding **EXCLUSIONS**, paragraph B. BREACHES OF PERSONAL DATA, if during the POLICY PERIOD, PERSONAL DATA of others is compromised as a result of a BREACH of the INSURED'S network security, through hacking, mismanagement, loss or theft, we will pay up to \$25,000 per incident of BREACH subject to a per POLICY PERIOD aggregate limit of \$25,000 for reasonable and necessary expenses incurred by you as a result of any BREACH in connection with your insurance operation. The extra expense must be incurred by you:

- a. to consult with legal counsel on how best to respond to the BREACH;
- b. to consult with Information Technologists to determine the nature and extent of the BREACH;
- c. to provide representation in front of any insurance department or governmental agency arising from a BREACH;
- d. to assist in notification of the individuals who have been affected by the BREACH.

A \$1,000 deductible applies to each incident of BREACH reported under this paragraph. Limits provided by this paragraph are part of and not in addition to the limits provided by this POLICY. All compromise of PERSONAL DATA that is from the same cause or set of causes will be treated as one incident of BREACH.

4. **REGULATORY DEFENSE.** We will pay on behalf of the INSURED, CLAIM EXPENSES caused by WRONGFUL ACTS committed by an INSURED in connection with your insurance operations, arising from the following:

Responding to a complaint or defending an investigation brought by any state regulatory agency, insurance department, or other government agency arising from your insurance operation. INSUREDS must:

- a. provide prompt written notice to us and obtain our written consent before responding; and
- b. agree to the use of legal counsel that we choose or approve.

This coverage does not apply to salaries of your personnel, loss of income, fines, penalties, return of fees or commissions, or reimbursement of premiums. The most we will pay under this additional coverage is \$60,000 per POLICY PERIOD for CLAIM EXPENSES and such shall be a part of, and not in addition to, the Limit of Liability shown in the Declarations.

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5. **CRISIS MANAGEMENT.** We will reimburse the NAMED INSURED up to \$20,000 per POLICY PERIOD for fees, costs, and expenses incurred by the NAMED INSURED within 6 months of the CRISIS EVENT and directly caused by the CRISIS EVENT, resulting from CRISIS MANAGEMENT SERVICES.

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The CRISIS EVENT must first occur and must be reported to the Company during the POLICY PERIOD. The most we will pay under this additional coverage per POLICY PERIOD for CRISIS EVENT expenses associated with all CRISIS EVENTS subject to this paragraph is \$20,000. No deductible shall apply to this coverage. Limits provided by this paragraph are part of and not in addition to the limits provided by the POLICY.

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II. DEFENSE, INVESTIGATION AND SETTLEMENT OF CLAIMS

- A. We shall have the right and duty to defend, investigate, and conduct any settlement negotiations arising from any CLAIM first made against the INSURED during the POLICY PERIOD based upon alleged WRONGFUL ACTS of an INSURED. We shall have the right to select the attorney to represent and defend an INSURED for any CLAIM that is made against an INSURED. We shall have the right to select arbitrators in the event of any arbitration proceedings.
- B. We shall not settle any CLAIM without your consent. If we recommend a settlement to you which is acceptable to the claimant, and you do not agree with us and would rather contest the matter, our ultimate liability, subject to the DEDUCTIBLE, will be limited to the total of:
1. the amount for which the CLAIM could have been settled at that time, plus 40% of the amount of DAMAGES which are in excess of that settlement, subject to paragraph C of this section, and
 2. the amount of CLAIM EXPENSE that was incurred up to the time we made the recommendation, plus 40% of the amount of CLAIM EXPENSES incurred after the time we made the settlement recommendation, subject to paragraph C of this section. __.

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The remaining 60% of any DAMAGES or CLAIM EXPENSES will be uninsured at the INSURED'S own risk.

- C. We shall not be obligated to pay any DAMAGES or defend or continue to defend any CLAIM after the Per CLAIM Limit of Liability or Aggregate Limit of Liability under this POLICY has been exhausted by payment of DAMAGES or after the deposit in a court having jurisdiction of sums exhausting the Per CLAIM Limit of Liability or Aggregate Limit of Liability.
- D. If the applicable Limit of Liability is exhausted by the payment of DAMAGES, we will notify the INSURED as soon as practicable of all outstanding CLAIMS we are defending that are subject to such limit.
- E. If the applicable Limit of Liability is exhausted, we agree to take all steps necessary during a transfer of control of defense to the INSURED of any outstanding CLAIM and agree to continue that defense during such transfer. When we take such steps, you agree that we do not waive or relinquish any of our rights under the POLICY. We agree to pay up to \$10,000 in reasonable CLAIM EXPENSES incurred by us during such transfer, after the applicable Limit of Liability has been exhausted. Any additional CLAIM EXPENSES will be the responsibility of the INSURED.

III. REPORTING AND NOTICE

INSURED'S duties in the event of any CLAIM or any POTENTIAL CLAIM:

- A. The INSURED shall not without our written consent, do any of the following:
1. admit liability;
 2. participate in any settlement discussions nor enter into any settlement;
 3. incur any cost or expenses; or
 4. produce documents, provide a recorded statement, or give any deposition regarding any actual or alleged WRONGFUL ACT.

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B. The INSURED shall:

1. provide written notice of any CLAIM to us or the producing agent shown on the Declarations as soon as practicable.
2. report any POTENTIAL CLAIM to us or the producing agent in writing during the POLICY PERIOD. If, during the POLICY PERIOD, an INSURED first becomes aware of a POTENTIAL CLAIM and gives written notice of such POTENTIAL CLAIM to us during the POLICY PERIOD, any CLAIMS subsequently made against the INSURED arising from the POTENTIAL CLAIM shall be considered to have been made during the POLICY PERIOD that the INSURED first became aware of such POTENTIAL CLAIM.
3. include within any notice of CLAIM or POTENTIAL CLAIM a description of the CLAIM or POTENTIAL CLAIM, the alleged WRONGFUL ACT including the date it was committed, a summary of the facts upon which the CLAIM or POTENTIAL CLAIM is based, the alleged or potential DAMAGES that may result from the WRONGFUL ACT, the names of actual or potential claimants, the names of INSURED and employee against whom the CLAIM was or may be made, and the date and circumstances by which the INSURED, or any owner, officer, or partner of the NAMED INSURED first became aware of the CLAIM or POTENTIAL CLAIM.
4. provide notice to us under the POLICY per the Notice to Company Endorsement.

All notices under the POLICY shall be in writing, shall comply with the time requirements as stated in the POLICY, and shall be given by confirmed facsimile, prepaid express courier, or certified U.S. Mail with return receipt requested.

IV. DEFINITIONS AND EXPLANATIONS OF TERMS

- A. **ADVERTISING.** ADVERTISING means placing a notice that is broadcast or published to the general public or specific market segments about your products or services for the purpose of attracting customers or supporters. For the purposes of this definition:
1. notices that are published include material placed on the Internet or on similar electronic means of communication; and
 2. regarding websites, only that part of a website that is about your products or services for the purposes of attracting customers or supporters is considered ADVERTISING.
- B. **BREACH.** BREACH means any misappropriation or unauthorized access, use, disclosure, modification, publication, theft, disappearance, or destruction of PERSONAL DATA within the care, custody, or control of any INSURED. BREACH does not include any misappropriation or unauthorized access, use, disclosure, modification, publication, theft, disappearance, or destruction of PERSONAL DATA within the care, custody, or control of a third party to whom any INSURED has intentionally provided the PERSONAL DATA.
- C. **CLAIM.** CLAIM means:
1. that an INSURED has received a summons, a subpoena, or any other notice of legal process;
 2. that an INSURED has received notice of any SUIT; or
 3. that an INSURED has received notice of a written demand, or a written demand for money or services.
- D. **CLAIM EXPENSE.** CLAIM EXPENSE means:
1. all expense incurred in the investigation of any POTENTIAL CLAIM or in the defense of any CLAIM first made against an INSURED seeking DAMAGES for a WRONGFUL ACT, even if a CLAIM or POTENTIAL CLAIM is groundless, false, fraudulent, or for an amount less than your DEDUCTIBLE;

2. reasonable and necessary fees and disbursements charged by any lawyer designated by us or required by law to defend the interests of an INSURED; and
3. if authorized by us, all other fees, costs, and expenses, other than loss of earnings, resulting from the investigation, adjustment, defense, or appeal of any CLAIM or POTENTIAL CLAIM, including but not limited to:
 - a. all costs taxed against any INSURED in any SUIT;
 - b. all prejudgment and post judgment accrued interest on that portion of any judgment which does not exceed the applicable Limit of Liability. If we tender or pay DAMAGES on any judgment up to our Limits of Liability, we have no further obligation to pay any additional interest;
 - c. all premiums on bonds to release attachments and appeal bonds, limited to that portion of a bond which does not exceed the POLICY Limit of Liability. We will obtain the bond on behalf of the INSURED. You shall reimburse us for the additional cost of the bond we obtain for any exposure in excess of our Limit of Liability;
 - d. all reasonable expenses incurred by an INSURED at our request while assisting us in the investigation and defense of any CLAIM or POTENTIAL CLAIM; or
 - e. reimbursement for loss of earnings or temporary staff due to an INSURED attending depositions or trials at our request. Such reimbursement is subject to \$750 per INSURED per day and a maximum of \$30,000 per POLICY PERIOD for all INSUREDS.

CLAIM EXPENSE, except as provided in definition D.3.e, shall not include salaries, loss of earnings, or expenses of regular employees, our officials, or you.

E. **DAMAGES.** DAMAGES means monetary amounts for which an INSURED is held legally liable but does not include:

1. punitive damages, exemplary damages, or the multiplied portion of any damage award except where permitted as insurable by the law pursuant to which this POLICY will be construed;
2. sanctions, fines, or penalties imposed by law or matters deemed uninsurable under the law pursuant to which this POLICY will be construed;
3. the return of any fees, commissions, profit sharing, or other remuneration, or costs or expenses for PROFESSIONAL SERVICES or OTHER RELATED SERVICES rendered or to be rendered by the INSURED;
4. an INSURED'S taxes;
5. reimbursement or return of premiums or funds; or
6. redress in any form other than monetary relief, including, but not limited to, any form of injunctive or other equitable relief, restitution, replevin, unjust enrichment, declaratory judgments, or an accounting.

F. **DEDUCTIBLE.** DEDUCTIBLE means the amount set forth in Item D. of the Declarations.

G. **FIRST NAMED INSURED.** FIRST NAMED INSURED means the INSURED whose name is listed first on the Declarations, if there are multiple NAMED INSUREDS, or the NAMED INSURED where only one INSURED is listed.

H. **FRAUDULENT ENTITY.** FRAUDULENT ENTITY means an organization that does not have a legal identity or legal existence, but which is represented to legally exist.

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I. **INSURED.**

1. **INDIVIDUAL.** If you are an individual, you and your spouse or legal domestic partner, and former spouse or legal domestic partner, are INSUREDS, but only with respect to the conduct of a business of which you are the sole owner.
2. **PARTNERSHIP.** If you are a partnership, you, your partners and their spouses or legal domestic partners, and former partners and their spouses or legal domestic partners, are INSUREDS, but only with respect to the conduct of your business.
3. **LIMITED LIABILITY COMPANY.** If you are a limited liability company, you are an INSURED. Your members and former members are also INSUREDS, but only with respect to the conduct of your business. Your managers and former managers are INSUREDS, but only with respect to their duties as your managers, with respect to the conduct of your business.
4. **OTHER ORGANIZATIONS.** If you are an organization other than a partnership or limited liability company, you are an INSURED. Your officers, directors, and former officers and directors, are INSUREDS, but only with respect to their duties as your officers or directors with respect to the conduct of your business. Your stockholders and former stockholders are also INSUREDS, but only with respect to DAMAGES for which the **COVERAGE** section, Part A. or B., would apply.
5. **OTHER INSUREDS.** Each of the following is also an INSURED:
 - a. your employees and former employees, leased or temporary employees, but only for acts within the scope of their employment by you and while performing duties related to the conduct of your PROFESSIONAL SERVICES or OTHER RELATED SERVICES.
 - b. any independent contractor or former independent contractor while acting on your behalf within the scope of their duties as your subproducer in connection with insurance serviced by any INSURED.
 - c. the heirs, executors, administrators, or legal representatives of an INSURED in the event of death, incapacity, or bankruptcy of the INSURED, but only to the extent that such INSURED would otherwise be covered by this POLICY.
6. **NEWLY ACQUIRED.** Any organization you newly acquire or form, and over which you maintain majority interest, will qualify as an additional INSURED if there is no other similar insurance available to that organization. However:
 - a. coverage under this provision is afforded only until the one-hundred twentieth 120th day after you acquire or form the organization or the end of the POLICY PERIOD, whichever is earlier;
 - b. coverage does not apply to WRONGFUL ACTS committed before you acquired or formed the organization, unless agreed to by us and endorsed to this POLICY; and
 - c. an additional premium may be charged from the date you acquired or formed the organization.
7. **ADDITIONAL INSURED.** The person or entity which has been specifically added by endorsement to the POLICY.

J. **NAMED INSURED.** NAMED INSURED means the person or entity listed in the Declarations or any endorsement to this POLICY and PREDECESSOR AGENCY thereof.

- K. **OTHER RELATED SERVICES.** OTHER RELATED SERVICES means the following services:
1. services rendered in teaching a formal insurance course, but we will only cover CLAIMS first made against the INSURED by a student or former student for a WRONGFUL ACT of the INSURED causing such student to incur legal liability;
 2. services rendered as a notary public;
 3. an INSURED'S testimony as an expert witness in connection with insurance related litigation;
 4. ADVERTISING activities for the NAMED INSURED; or
 5. services as a claims adjuster pursuant to a written agency/insurer agreement covering the sales and servicing of insurance products placed through the NAMED INSURED'S agency.
- L. **PERSONAL DATA.** PERSONAL DATA means all non-public information, whether written, or electronic:
1. including but not limited to any social security number or biometric records which when used alone, or when combined with other personal or identifying information, such as date and place of birth, or mother's maiden name, is linked or linkable to a specific individual;
 2. concerning an individual that would be considered protected health information as defined within the Health Insurance Portability and Accountability Act of 1996; or
 3. that would be considered nonpublic personal information within the meaning of the Gramm-Leach Bliley Act or similar state, federal, and foreign identity theft and privacy protection legislation applicable to the breach.
- M. **PERSONAL INJURY.** PERSONAL INJURY means:
1. false arrest, detention or imprisonment, malicious prosecution, or humiliation;
 2. the publication or utterance of a libel or slander or other defamatory or disparaging material, or a publication or utterance in violation of an individual's right of privacy;
 3. the use of another's advertising idea or the use of another's copyright, trade dress, or slogan in ADVERTISING; or
 4. wrongful entry or eviction or other invasion of the right of private occupancy of a premises or dwelling that a person occupies.
- N. **POLICY.** POLICY means the insuring agreement issued by us to the FIRST NAMED INSURED and listed in the Declarations, along with all attached endorsements.
- O. **POLICY PERIOD.** POLICY PERIOD means the period stated in the Declarations, unless terminated earlier pursuant to the TERMINATION OF COVERAGE section of this POLICY.
- P. **POTENTIAL CLAIM.** POTENTIAL CLAIM means that an INSURED has become aware of a proceeding, event, or development, which could in the future result in the institution of a CLAIM against an INSURED.
- Q. **PREDECESSOR AGENCY.** PREDECESSOR AGENCY means any insurance agency to whose financial assets and liabilities the agency listed as the NAMED INSURED in the Declarations is the majority successor in interest.
- R. **PROFESSIONAL SERVICES.** PROFESSIONAL SERVICES means:
1. services rendered as a managing general insurance agent, general insurance agent, insurance agent, or insurance broker;
 2. services rendered as an insurance consultant, including, but not limited to, insurance consulting connected with employee benefit plans;

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3. premium financing services provided by the NAMED INSURED to the NAMED INSURED'S clients for insurance products placed through the NAMED INSURED'S agency;
 4. loss control, risk management, or anti-fraud services rendered in connection with insurance placed through the NAMED INSURED;
 5. services as a registered representative rendered in connection with the sale and servicing of variable life and variable annuity products; or
 6. acting as a countersigning agent for out-of-state insurance agencies on policies issued within the state of domicile of the INSURED.
- S. **RETROACTIVE DATE.** RETROACTIVE DATE means the date, as specified in the Declarations or in any endorsement attached hereto, on or after which any WRONGFUL ACT, as defined in the POLICY, must have occurred in order for CLAIMS arising therefrom to be covered under this POLICY.
- T. **STRANGER-OWNED LIFE INSURANCE (STOLI).** STRANGER-OWNED LIFE INSURANCE means an arrangement where a life insurance policy is issued to an insured or an individual who has an insurable interest with the insured, with the resources to purchase the policy provided or guaranteed by a person or entity who has no insurable interest to the insured person and who has the contractual right to repayment or other means of satisfaction of the debt such as obtaining control of the policy rights or benefits.
- U. **SUIT.** SUIT means a civil proceeding alleging DAMAGES against an INSURED because of a WRONGFUL ACT to which this insurance applies. SUIT includes:
1. an arbitration proceeding in which such DAMAGES are claimed and to which the INSURED must submit or does submit with our consent;
 2. any other alternative dispute resolution proceeding in which such DAMAGES are claimed and to which the INSURED submits with our consent; or
 3. an adjudicatory proceeding in a court of law.
- V. **WRONGFUL ACT.** WRONGFUL ACT means:
1. any negligent act, error, or omission of an INSURED in rendering PROFESSIONAL SERVICES or OTHER RELATED SERVICES for others;
 2. any PERSONAL INJURY or ADVERTISING injury in rendering PROFESSIONAL SERVICES or OTHER RELATED SERVICES for others; or
 3. any BREACH of PERSONAL DATA arising out of or in connection with the rendering of PROFESSIONAL SERVICES or OTHER RELATED SERVICES, but only if the INSURED has implemented current and commonly accepted technologies and methodologies designed to secure PERSONAL DATA and appropriate to the size and complexity of the agency and indecipherable to unauthorized individuals and which are in place at the time of the BREACH; provided, however, that any such technologies and methodologies must comply with privacy regulations found within the Health Insurance Portability and Accountability Act of 1996 or any other federal or state law or regulation, governing any industry in which the INSURED is rendering PROFESSIONAL SERVICES or OTHER RELATED SERVICES.
- W. **CRISIS EVENT.** CRISIS EVENT means any:
1. death or debilitating illness of the owner of a sole proprietorship;
 2. national or regional news exposure in television, radio, print, or recognized professional insurance publications on internet media regarding PROFESSIONAL SERVICES of the NAMED INSURED, that is reasonably likely to have a negative impact on the NAMED INSURED with respect to its income, reputation, community relations, public confidence, or good will;

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3. incident of workplace violence, or
4. filing of an involuntary bankruptcy petition against the NAMED INSURED.

X. **CRISIS MANAGEMENT SERVICES.** CRISIS MANAGEMENT SERVICES means services performed by an established public relations firm designed to minimize potential harm to the NAMED INSURED from a covered CRISIS EVENT by managing adverse media coverage and maintaining and restoring public confidence in the NAMED INSURED.

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V. EXCLUSIONS

This POLICY shall not apply to any CLAIM based upon, arising out of, attributable to, or directly or indirectly resulting from:

A. BODILY INJURY, PROPERTY DAMAGE.

1. Bodily injury, sickness, disease, or death of any person; or
2. injury to or destruction of any property, including the loss of use of the property.

This exclusion shall not apply to CLAIMS arising directly out of any actual or alleged failure of the insured to place, effect, maintain, or renew any insurance products for any customer.

B. BREACHES OF PERSONAL DATA.

1. any BREACH of PERSONAL DATA resulting from any act committed by an individual or individuals acting in an effort to coerce the civilian populations of the United States or to influence the policy or affect the conduct of any federal, state, provincial, or local government;
2. any BREACH of PERSONAL DATA resulting from any failure of the INSURED to implement current and commonly accepted technologies and methodologies designed to secure PERSONAL DATA and appropriate to the size and complexity of the agency; or
3. any BREACH of PERSONAL DATA resulting from any failure of the INSURED to comply with any applicable privacy regulations found in the Health Insurance Portability and Accountability Act of 1996 or any other federal or state law or regulation, governing any industry in which the INSURED is rendering PROFESSIONAL SERVICES or OTHER RELATED SERVICES.

C. **COBRA ADMINISTRATION.** The INSURED'S administration under the Consolidated Omnibus Budget Reconciliation Act of 1986 (COBRA) including any amendments, regulations, or enabling statutes pursuant thereto, or any other similar federal, state or provincial statute or regulation.

D. **ERISA.** Any duties or activities assumed under contract by an INSURED as Named Fiduciary under the Employee Retirement Income Security Act of 1974 (ERISA) or the Pension Benefits Act, including any amendments, regulations, or enabling statutes pursuant thereto, or any other similar federal, state, or provincial statute or regulation.

E. **FRAUDULENT ENTITY.** Or in connection with any FRAUDULENT ENTITY or any entity that the INSURED knew or, if industry standard due diligence had been performed, reasonably should have known is a legally formed entity that is used as a device to commit fraud or other unlawful acts.

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F. **INSOLVENCY.** The financial inability to pay, insolvency, receivership, bankruptcy or liquidation of any insurance company, any Individual Practice Association, Health Maintenance Organization, Preferred Provider Organization, Dental Service Plan, Risk Retention Group, Risk Provider Group, self-insured plan or any pool, syndicate, association, or other combination formed for the purpose of providing insurance, or reinsurance, or any healthcare provider or any reinsurer with which the coverage was placed.

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However, this exclusion does not apply if, at the time the coverage was placed with any of the above-described entities, such entity or entities were rated by AM Best as B+ or higher, or alternatively, such entities were member insurers of the state guaranty fund or guaranty association in the state or states of domicile of the subject risk, or such entities were guaranteed by a governmental body or bodies and/or operated by a governmental body or bodies, or the coverage was placed with an insurance carrier through a state established residual market insurance program; or the coverage was placed with a County Mutual or Fraternal reinsured by carriers rated by AM Best as B+ or higher.

G. **INSURED VS. INSURED.** CLAIMS or disputes:

1. between INSUREDS under this POLICY. However, this exclusion does not apply to such CLAIM if the WRONGFUL ACT arises out of PROFESSIONAL SERVICES or OTHER RELATED SERVICES by an INSURED rendered to such other INSURED as a client, provided the INSURED rendering such PROFESSIONAL SERVICES or OTHER RELATED SERVICES does not have an ownership interest in or does not operate, control or manage the risk to be insured;
2. by an enterprise which one or more INSUREDS has either a total of ten percent (10%) or more equity interest, or the INSUREDS operate, control or manage the enterprise. However, this exclusion does not apply to such CLAIM if the WRONGFUL ACT arises out of PROFESSIONAL SERVICES or OTHER RELATED SERVICES by an INSURED rendered to such other INSURED as a client, provided the INSURED rendering such PROFESSIONAL SERVICES or OTHER RELATED SERVICES does not have an ownership interest in the risk to be insured or does not operate, control or manage;
3. by an enterprise which has either a ten percent (10%) or more equity interest in an INSURED. However, this exclusion does not apply to such CLAIM if the WRONGFUL ACT arises out of PROFESSIONAL SERVICES or OTHER RELATED SERVICES by an INSURED rendered to enterprise as a client, provided the enterprise insured does not operate, control or manage the INSURED.

H. **INTENTIONAL ACTS.** Any CLAIM for intentional acts, including but not limited to, acts of dishonesty, fraud, criminal conduct, malice, or assault and battery, or intentional BREACH of PERSONAL DATA by any INSURED. CLAIM EXPENSES are recoverable by us against those INSUREDS who, by final judgment, order, or determination in a SUIT are found to have committed such intentional acts. CLAIM EXPENSES are also recoverable by us against those INSUREDS who, by their written or oral admission, committed such intentional acts. However, this exclusion does not apply to those INSUREDS who do not personally participate in or ratify the acts identified above and who notify us once such act has been discovered.

I. **LICENSURE.** Any actual or alleged WRONGFUL ACT arising from the rendering of PROFESSIONAL SERVICES or OTHER RELATED SERVICES for which a license is required and committed while the INSURED'S license was suspended or revoked. However, this exclusion shall not apply if the only reason for such licensure not being in effect was due to an administrative or clerical error.

J. **MARKET VALUES.** The INSURED'S promises or guarantees as to the effect of market fluctuations, interest rates, or dividends, with respect to future premium payments or market values.

K. **NAMED FIDUCIARY.** Your status as a Named Fiduciary.

L. **PERSONAL PROFIT OR PROPRIETARY INFORMATION.**

1. Any INSURED having gained, in fact, any personal profit or advantage to which he or she was not legally entitled; or
2. any INSURED's misappropriation or unauthorized use of trade secrets or other proprietary information.

M. **THIRD-PARTY ADMINISTRATOR.** Third-party administrator activities, whether the INSURED performs such activities for a fee or no fee.

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- N. **UNSOLICITED ELECTRONIC ADVERTISING.** The unsolicited distribution of marketing materials by telephone facsimile machine, computer, or other device, in violation of the Telephone Consumer Protection Act, 47 USC 227, including any amendments, regulations, or enabling statutes pursuant thereto, or any other similar federal, state, or provincial statute or regulation.
- O. **VIATICALS and STRANGER OWNED LIFE INSURANCE.** The sale or servicing of investments in viaticated policies or of the sale or servicing of investments in STRANGER-OWNED LIFE INSURANCE (STOLI).

VI. COOPERATION

All INSUREDS shall cooperate with us in providing information and documentation requested by us regarding any CLAIM or POTENTIAL CLAIM reported under the POLICY or for any underwriting purpose. All INSUREDS shall cooperate with us in the investigation of any POTENTIAL CLAIM and in the defense, investigation and settlement of any CLAIM. Upon our request, the INSURED shall submit to examination or questioning under oath, attend hearings, depositions and trials and assist in effecting settlements, securing and giving evidence and obtaining the attendance of witnesses in the conduct of SUITS.

All INSUREDS shall assist us in effecting any rights of indemnity, contribution or apportionment available to any INSURED or us, including the execution of such documents as are necessary to enable us to pursue CLAIMS in the INSUREDS' names, and shall provide all other assistance and cooperation which we may reasonably require.

VII. LIMITS OF LIABILITY

- A. All Limits of Liability shall apply in excess of the DEDUCTIBLE. All CLAIM EXPENSES shall be in addition to the applicable Per CLAIM Limit of Liability.
- B. Our liability for the combined total of all DAMAGES for a CLAIM shall not exceed the amount stated in the Declarations as the Per CLAIM Limit of Liability or the sublimit of liability as shown on the Declarations for BREACH of PERSONAL DATA.
- C. Our liability for the combined total of all DAMAGES for all CLAIMS shall not exceed the amount stated in the Declarations as the Aggregate Limit of Liability.

VIII. DEDUCTIBLE

You shall be responsible for the payment of the DEDUCTIBLE indicated on the Declarations. The DEDUCTIBLE applies to DAMAGES and not CLAIM EXPENSES. The total DEDUCTIBLE you shall be responsible to pay during the POLICY PERIOD will not exceed the aggregate amount each POLICY PERIOD, if any, shown on the Declarations.

We will have no obligation whatsoever, to the INSURED to pay all or any portion of the DEDUCTIBLE. We will, however, have the option to do so, in which event the INSURED will repay us any amounts so paid within thirty (30) days of our demand to the FIRST NAMED INSURED.

DEDUCTIBLE REDUCTION. If any INSURED generates and maintains contemporaneous written documentation in the agency file of the refusal of any customer to accept any type of coverage or limit offered by the INSURED, and if the INSURED subsequently has a CLAIM alleging the failure to secure such, 100% of the INSURED'S DEDUCTIBLE for that CLAIM will be waived up to a maximum of \$25,000, or until dismissal of such allegations, whichever is first.

IX. SUBROGATION

If we pay any DAMAGES or CLAIM EXPENSE, we shall be subrogated to the rights of the INSURED against any person or organization. The INSURED shall execute all papers we require and shall do everything that may be necessary to preserve, secure, and pursue our rights, including the execution of such documents as may be necessary to enable us to bring SUIT in the name of the INSURED. All INSUREDS shall cooperate with us and do nothing to jeopardize, prejudice, or terminate such rights. We shall not exercise any subrogation rights against any INSURED, unless the CLAIM arises from any dishonest, fraudulent, or malicious act, error, or omission of such INSURED.

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X. REIMBURSEMENT TO COMPANY

If we have paid any amounts as DAMAGES in satisfaction of any CLAIM in excess of the applicable Limit of Liability, or have paid DAMAGES within the amount of the applicable DEDUCTIBLE, you shall be liable to us for any and all such amounts and shall pay such amounts to us within thirty (30) days of our demand.

XI. CHANGES

No change or modification of this POLICY shall be effective except when made by a written endorsement to this POLICY which is signed by our authorized representative.

XII. NO ASSIGNMENT

Neither this POLICY nor any INSURED'S interest in this POLICY may be assigned without our written consent.

XIII. TERMINATION OF COVERAGE

The POLICY shall terminate at the earliest of the following:

- A. if the POLICY is terminated for failure to pay a premium when due, the effective date of the cancellation stated in a written notice of cancellation from us to the FIRST NAMED INSURED, provided such notice is sent by us a least ten (10) days prior to the effective date of cancellation. The mailing of such notice to the FIRST NAMED INSURED shall be sufficient notice and the effective date of cancellation stated in the notice shall become the end of the POLICY PERIOD. Any earned premium shall be computed pro rata;
- B. if the POLICY is terminated by us for any reason other than non-payment of premium, the effective date of the cancellation stated in our written notice of cancellation, provided the FIRST NAMED INSURED receives such notice at least thirty (30) days prior to the effective date of cancellation. The mailing of such notice to the FIRST NAMED INSURED shall be sufficient notice and the effective date of cancellation stated in the notice shall become the end of the POLICY PERIOD. Any earned premium shall be computed pro rata;
- C. upon the surrender of the POLICY by the FIRST NAMED INSURED to us or upon our receipt of your written notice of termination stating when thereafter such cancellation shall be effective. Any earned premium shall be computed in accordance with the customary short rate table and procedure; or
- D. upon expiration of the POLICY PERIOD as set forth in the Declarations.
- E. Other than for nonpayment of premium as provided for in the paragraph A. above, and notwithstanding any provision to the contrary in this POLICY or in any state amendatory endorsement which may be attached to this POLICY providing more restrictive language, if this POLICY has been in force for 60 days or more, we will not cancel the POLICY mid-term.

XIV. EXTENDED REPORTING PERIOD:

- A. **EXTENDED REPORTING PERIOD TERMS.** The following provisions are applicable to all Extended Reporting Periods:
 - 1. The extended reporting periods cover CLAIMS arising out of WRONGFUL ACTS that occurred prior to cancellation or expiration of the POLICY and on or after any RETROACTIVE DATE applicable to the expired or terminated POLICY.
 - 2. If you have obtained a replacement POLICY, the Extended Reporting Period will apply only in the event the replacement POLICY limits have been exhausted for a CLAIM that qualifies for coverage under this section.
 - 3. The Limit of Liability during the final POLICY PERIOD immediately preceding the cancellation or non-renewal of the POLICY shall apply to CLAIMS reported during the final POLICY PERIOD together with CLAIMS reported during the Extended Reporting Period.

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4. If any Extended Reporting Period option is exercised, it cannot be terminated or modified by you or us.

B. **AUTOMATIC EXTENDED REPORTING PERIOD.** If we or you choose to cancel or not renew this POLICY, this POLICY will apply to CLAIMS first made against you during the POLICY PERIOD and reported in writing to us during the sixty (60) days immediately following the date of cancellation or expiration.

C. **OPTIONAL EXTENDED REPORTING PERIODS.** Subject to the above-identified terms and conditions, payment of all outstanding premiums or DEDUCTIBLES due, and your electing within sixty (60) days from the date of cancellation or non-renewal of the POLICY. The first sixty (60) days of the Optional Extended Reporting Period, if it is purchased, shall run concurrently with the Automatic Extended Reporting Period. The following Extended Reporting Periods are available:

1. If we or you choose to cancel or not renew the POLICY, you shall have the right to extend the time for reporting CLAIMS made against any INSURED under the POLICY per the following schedule. The additional premium for the Extended Reporting Period shall be:

Extended Reporting Period	Premium (as determined by this Section XIV. C.5.)
1 year	100%
2 years	150%
3 years	185%

The FIRST NAMED INSURED must send us written notice of its intent to purchase the option along with the additional premium for the Extended Reporting Period within sixty (60) days of the cancellation or non-renewal of the POLICY.

2. In addition to the above, we will issue an Extended Reporting Period Endorsement for an unlimited period at no additional premium following the cancellation or non-renewal of this POLICY provided that:

- you, as an individual, are the sole owner and the sole producer; and
- you retire from the profession of insurance and your retirement is for reasons other than a suspension, revocation, or surrender of your license; and
- you have reached the age of 62 and have been insured by us for 10 consecutive years prior to the POLICY termination or cancellation.

3. In addition to the above, if you are the sole owner and sole producer, we will issue a 10 year Extended Reporting Period endorsement at no additional premium provided:

- cancellation or termination of the POLICY is due to your death or you are totally and permanently disabled during the POLICY PERIOD; and
- in the event of disability, you are continuously, totally, and permanently disabled from your profession for a minimum of six (6) months after issuance of this POLICY; and
- any death or total and permanent disability does not arise from a self-inflicted injury, suicide, alcohol, or drug abuse; and
- satisfactory written evidence of death or total and permanent disability is provided by you or your legal representative within sixty (60) days of death or total and permanent disability.

4. In addition to the above, if this POLICY is canceled by the FIRST NAMED INSURED, due to your merger, consolidation, or sale to another entity, or death or retirement of the owner, the FIRST NAMED INSURED shall also have the right to purchase an Extended Reporting Period provided:
- such merger, consolidation, or sale is not due to suspension, revocation, or surrender of an insured's license; and
 - the FIRST NAMED INSURED must send us written notice of its intent to purchase the option along with the additional premium for the Extended Reporting Period within sixty (60) days of the cancellation or non-renewal of the POLICY.

SCHEDULE:

Extended Reporting Period for Sale, Merger, Death, or Retirement	Premium (as determined by this Section XIV. C.5.)
1 year	100%
2 years	150%
3 years	185%
4 years	220%
5 years	250%
6 years	260%
7 years	270%
8 years	280%
9 years	290%
10 years	300%

5. The premium for all Optional Extended Reporting Period Schedules against which all Schedule percentages shall apply will be determined as follows:

The premium to be applied in the Schedule will be the average of all the most recent annual premiums assessed against the INSURED for Insurance Agencies Professional Liability policy(ies) issued by Westport or another affiliated company of Westport, back to the date of first continuous coverage, up to a maximum of three years.

Annual premium for purposes of this section is defined as the premium shown in the Declarations combined with any annualized premiums resulting from any endorsements.

XV. ACQUISITIONS AND MERGERS / MATERIAL CHANGES

In the event of any merger, consolidation, amalgamation, or acquisition of any entity or any material change in your operations, you shall notify us of such change within one-hundred twenty (120) days of the date of such change.

XVI. MULTIPLE INSURED AND CLAIMANTS

The inclusion of more than one INSURED in any CLAIM or the making of CLAIMS by more than one person or organization shall not increase the Limits of Liability or the DEDUCTIBLE. Two or more CLAIMS arising out of a single WRONGFUL ACT, or a series of related or continuing WRONGFUL ACTS, shall be a single CLAIM. All such CLAIMS, whenever made, shall be considered first made on the date on which the earliest CLAIM was first made arising out of such WRONGFUL ACT, and all such CLAIMS are subject to one Per CLAIM Limit of Liability and DEDUCTIBLE.

XVII. LIBERALIZATION

If, during the POLICY PERIOD we adopt revised provisions for this POLICY in order to afford, without additional premium, broader insurance to all INSURED covered by this POLICY, such provision will apply to this POLICY effective the date the provision has been approved by the appropriate regulatory authority and such revision shall apply only to CLAIMS first made, or POTENTIAL CLAIMS of which you first become aware, after the date of such approval.

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XVIII. OTHER INSURANCE

Except as provided in the EXCLUSIONS in this POLICY, if there is other insurance applicable to a CLAIM covered by this POLICY, this POLICY shall be deemed excess insurance over and above the applicable Limits of Liability of all such other insurance unless such other insurance is specifically written as excess insurance over the Limits of Liability provided in this POLICY.

XIX. ACTION AGAINST US

No action shall lie against us unless, as a condition precedent thereto, all INSUREDS shall have fully complied with all the terms and conditions of this POLICY and not until the amount of all INSUREDS' obligations to pay has been finally determined either by judgment against all INSUREDS after actual trial or by written agreement of you, the claimant and us.

Nothing contained in the POLICY shall give any person or organization any right to join us as a co-defendant in any action against any INSURED to determine any INSURED'S liability.

XX. APPLICABLE LAWS

Any terms of the POLICY which are in conflict with any laws and regulations governing the POLICY are hereby amended to conform to such laws and regulations.

XXI. TERRITORY

This POLICY applies to WRONGFUL ACTS that occur anywhere in the world, but the INSURED'S responsibility to pay DAMAGES must be determined in a SUIT on the merits or in a settlement to which we have agreed.

XXII. WAIVER

Our failure to insist on strict compliance with any of the terms, provisions or conditions of this POLICY or the failure to exercise any right or privilege shall not operate or be construed as a waiver thereof or of any subsequent breach thereof or a waiver of any other terms, provisions, conditions, privileges, or rights.

XXIII. ENTIRE AGREEMENT

By acceptance of this POLICY, all INSUREDS reaffirm as of the effective date of this POLICY that (a) the statements in the Declarations and your most recent application(s) and all information communicated by the INSUREDS to us are true and accurate and are all INSUREDS' agreements and representations, (b) this POLICY is issued in reliance upon the truth and accuracy of such representations which are material to our issuance of this POLICY and (c) this POLICY embodies all agreements between INSUREDS and us or any of our agents relating to this insurance.

IN WITNESS WHEREOF, the Company has caused this POLICY to be signed by its President and Secretary, but the same shall not be binding upon the Company unless it has been countersigned on the Declarations page by a duly authorized representative of the Company.

WESTPORT INSURANCE CORPORATION

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President

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Secretary

Westport Insurance Corporation

PROFESSIONAL SERVICES EXCLUSION

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Section V. EXCLUSIONS is amended to add the following exclusion:

PROFESSIONAL SERVICES. WRONGFUL ACTS arising out of services provided as a(n)

☐ prior to

☐ subsequent to

☐ exclusion applies regardless of when the WRONGFUL ACT took place.

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All other terms and conditions of this policy shall remain unchanged.
This endorsement forms a part of the policy to which attached, effective on the inception date of the policy unless otherwise stated herein.
(The information below is required only when this endorsement is issued subsequent to the preparation of the policy.)

Endorsement Effective
Named Insured

Policy No.

WESTPORT INSURANCE CORPORATION

Countersigned.

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inserted*

Authorized Representative

President

Secretary

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Westport Insurance Corporation

LINE OF BUSINESS EXCLUSION ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Section V. EXCLUSIONS is amended to add the following exclusion:

LINES OF BUSINESS. The solicitation, issuance, processing or handling of any policy (including applications and claims) that provides insurance coverage arising out of the line of insurance or business class shown below.

- ☐ Aviation
- ☐ Crop
- ☐ Flood
- ☐ Insurance Placed with Surplus Lines insurance companies
- ☐ Life, Annuity, Accident and Health
- ☐ Livestock Mortality
- ☐ Long-Haul Trucking
- ☐ Medical Malpractice
- ☐ Petroleum Business Classes
- ☐ Surety Bonds
- ☐ Wet Marine
- ☐ Other

☐ if the WRONGFUL ACT was prior to

☐ if the WRONGFUL ACT was subsequent to

☐ exclusion applies regardless of when the WRONGFUL ACT took place.

ACCEPTED:

Name: _____
(Authorized Representative of the First Named Insured)

By: _____ Date: _____
Title: _____

All other terms and conditions of this policy shall remain unchanged.

This endorsement forms a part of the policy to which attached, effective on the inception date of the policy unless otherwise stated herein.

(The information below is required only when this endorsement is issued subsequent to the preparation of the policy.)

Endorsement Effective

Policy No.

Named Insured

WESTPORT INSURANCE CORPORATION

Countersigned.

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Authorized Representative

President

Secretary

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Westport Insurance Corporation

INVESTMENT ADVISER ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

In consideration of the payment of an additional premium, this POLICY is amended, as follows:

SECTION IV. DEFINITIONS AND EXPLANATIONS OF TERMS, R. PROFESSIONAL SERVICES is amended to add:

Services rendered to a CLIENT as a REGISTERED REPRESENTATIVE while properly licensed according to all states or jurisdictional laws governing the service or transaction for the sale or servicing of mutual funds, bonds, unit investment trusts, or ETF's and/or stocks traded on a public exchange through a BROKER DEALER that is a member of the Financial Industry Regulatory Authority.

Services rendered to a CLIENT as an INVESTMENT ADVISER REPRESENTATIVE while properly licensed according to all states or jurisdictional laws governing the service or transaction and only to the extent the individual rendering such services is providing investment advice on behalf of and under the supervision and cover of the REGISTERED INVESTMENT ADVISER or Federal Covered Adviser.

SECTION IV. DEFINITIONS AND EXPLANATIONS OF TERMS is amended to add the following:

BROKER DEALER. BROKER DEALER means any securities broker or dealer as those terms are defined in the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Company Act of 1940, or the Investment Advisers Act of 1940, as amended.

CLIENT. CLIENT means people or entities to which PROFESSIONAL SERVICES or OTHER RELATED SERVICES are rendered but does not include the INSURED or any OWNED OR RELATED ENTITY or any Insurance Company or BROKER DEALER.

INVESTMENT ADVISER REPRESENTATIVE. INVESTMENT ADVISER REPRESENTATIVE means any person who is supervised by a REGISTERED INVESTMENT ADVISER or a Federal Covered Adviser (as defined in the Investment Advisers Act of 1940, as amended).

JUNK BONDS. JUNK BONDS means a high-risk, non-investment-grade bond with a credit rating of BB or lower.

OWNED OR RELATED ENTITY. OWNED OR RELATED ENTITY means:

- a. any entity which one or more INSURED has either a total of ten percent (10%) or more equity interest,
- b. any entity which one or more INSURED operates, controls, or manages, or
- c. any entity which has either a ten percent (10%) or more equity interest in an INSURED, or operates, controls, or manages an INSURED.

PENNY STOCKS. PENNY STOCKS means low-priced speculative issues of stock selling at less than \$1.00 a share.

PROPRIETARY PRODUCTS. PROPRIETARY PRODUCTS means investment products or funds in which an INSURED has an ownership interest.

REGISTERED INVESTMENT ADVISER. REGISTERED INVESTMENT ADVISER means, pursuant to the Investment Advisers Act of 1940, a person or firm that, for compensation, is engaged in the act of providing advice, making recommendations, issuing reports or furnishing analyses on securities, either directly or through publication:

- a. who is registered either with the Securities and Exchange Commission (SEC) or state securities authorities; and
- b. who is not an OWNED OR RELATED ENTITY.

For the purposes of this endorsement only, **SECTION V. EXCLUSIONS** is amended to add the following exclusions:

BENEFICIARY. Or in connection with an INSURED as a beneficiary of any trust or estate.

DISCRETIONARY AUTHORITY/POWER OF ATTORNEY. Any agreement with the CLIENT (express or implied) giving an INSURED the discretion in buying or selling any investment products or other discretionary trading on behalf of the CLIENT, whether by power of attorney or otherwise provided; however, this exclusion shall not apply to any INSURED providing an asset allocation service pursuant to a written asset allocation plan executed by the CLIENT.

INVESTMENT BANKING ACTIVITIES. Any actual or alleged underwriting, syndicating, or investment banking work or associated counselling, or investment activities.

CORPORATE ACTIONS. Any actual or alleged underwriting or associated counselling on corporate actions including but not limited to, any aspect of any actual, attempted or threatened mergers, acquisitions, divestiture, tender offer, proxy contest, leveraged buy-outs, going private transactions, reorganizations, capital restructuring, recapitalization, spinoffs, primary or secondary offerings of securities (regardless of whether the offering is a public offering or a private placement), other efforts to raise or furnish capital or financing for any enterprise or entity or any disclosure requirements in connection with any of the foregoing.

OTHER INVESTMENTS. Any private company placements, PROPRIETARY PRODUCTS, PENNY STOCKS, JUNK BONDS, commodities, commodity futures contracts, option contracts, inverse exchange traded funds, or funds not registered with the Securities Exchange Commission.

TRUSTEE. An INSURED'S service as a trustee or as a distributor of any trust or estate.

BROKER/DEALER. Monetary or equitable relief sought by any Broker/Dealer or any investment company, against the INSURED.

CONTRACTUAL LIABILITY. Liability assumed under contract or agreement by the INSURED, unless the INSURED would have been legally liable in the absence of such contract.

GUARANTEES. Or in connection with the INSURED making promises or guarantees as to the future value of any investment.

MARKET FLUCTUATION. DAMAGES alleged to have been sustained through fluctuations in the investment market.

SECURITIES. Any CLAIM arising out of a willful, reckless or intentional violation of the rules or regulations of:

1. the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Company Act of 1940, The Public Utility Holding Company Act of 1935, or any Blue Sky statutes, or any rules or regulations promulgated under any of the foregoing.
2. Any self-regulating organization including, but not limited to, FINRA or its predecessors, or any state regulatory agency.

However, this exclusion shall apply only when the failure to comply with such rule or regulation has material impact on the outcome of the CLAIM.

TAX ADVICE. The activities of any INSURED engaged in services as a tax advisor.

For the purposes of this endorsement only, **SECTION VII. LIMITS OF LIABILITY** is amended to add the following:

Our sub-limit of liability for all DAMAGES arising out of the coverage provided by this endorsement during the POLICY PERIOD will not exceed _____ each CLAIM and all CLAIMS each POLICY PERIOD. All amounts paid by us for all DAMAGES and /or CLAIM EXPENSE, if applicable, are part of, and not in addition to, the Aggregate Limit of Liability stated in the Declarations.

With respect to coverage afforded by this endorsement, our obligations will cease, including all obligations for CLAIMS then in progress, on the date Limits of Liability under this POLICY or the sublimit of liability under this endorsement is exhausted.

Additional Premium: \$ _____

Endorsement Retroactive Date: _____

All other terms and conditions of this policy shall remain unchanged.

This endorsement forms a part of the policy to which attached, effective on the inception date of the policy unless otherwise stated herein.

(The information below is required only when this endorsement is issued subsequent to the preparation of the policy.)

Endorsement Effective
Named Insured

Policy No.

WESTPORT INSURANCE CORPORATION

Countersigned.

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Authorized Representative

President

Secretary

Westport Insurance Corporation

EMPLOYEE BENEFIT SPECIALIST ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

In consideration of the payment of an additional premium, this POLICY is amended as follows:

SECTION IV. DEFINITIONS AND EXPLANATION OF TERMS, K. OTHER RELATED SERVICES, is amended to add the following:

Services as a THIRD-PARTY ADMINISTRATOR for EMPLOYEE BENEFIT PLANS;

Services as a COBRA administrator for CLIENTS;

The solicitation and referral of CLIENTS to a GENERAL HEALTH AND WELLNESS MANAGEMENT AND HEALTH MANAGEMENT SERVICES provider;

Services provided to CLIENTS as a HUMAN RESOURCES CONSULTANT;

Education and training offered to CLIENTS on topics directly pertaining to the PROFESSIONAL SERVICES or OTHER RELATED SERVICES for which the INSURED is covered by this POLICY;

Assisting CLIENTS in the DETERMINATION OF WORKFORCE;

The provision of GENERAL HEALTH AND WELLNESS MANAGEMENT AND HEALTH MANAGEMENT SERVICES to CLIENTS; or

The provision of legal advice to CLIENTS in connection with PROFESSIONAL SERVICES or OTHER RELATED SERVICES offered by the NAMED INSURED by a licensed IN-HOUSE LAWYER.

For purposes of this endorsement only, SECTION IV. DEFINITIONS AND EXPLANATIONS OF TERMS is amended to add the following:

CREDENTIALING. CREDENTIALING means the verification of a health care provider's credentials.

CLIENTS. CLIENTS means people or entities to which PROFESSIONAL SERVICES or OTHER RELATED SERVICES are rendered but does not include any INSURED or any owned or related entity or any Insurance Company or Broker/Dealer.

DETERMINATION OF WORKFORCE. DETERMINATION OF WORKFORCE means advice, determination and calculation by the INSURED regarding:

- the determination, categorization or calculation of the number of full-time or part-time employees in any workforce pursuant to the Affordable Care and Reconciliation Act or subsequent amendments thereto or any similar state legislation; or
- the determination of the threshold under any controlled group business aggregation rule pursuant to the Affordable Care and Reconciliation Act or subsequent amendments thereto or any similar state legislation,

but only if the DETERMINATION OF WORKFORCE is based on employee data provided to the INSURED by the CLIENT.

EMPLOYEE BENEFIT PLAN. EMPLOYEE BENEFIT PLAN means any group health or welfare plan of a CLIENT of the INSURED.

GENERAL HEALTH AND WELLNESS MANAGEMENT AND HEALTH MANAGEMENT SERVICES. GENERAL HEALTH AND WELLNESS MANAGEMENT AND HEALTH MANAGEMENT SERVICES shall mean assessing overall health care needs for an employee population, developing healthcare programs, consulting employers regarding overall health care needs, evaluating wellness programs, and providing general healthcare assessments for individual participants for CLIENTS. It does not include the rendition of medical services or the practice of medicine.

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HUMAN RESOURCES CONSULTANT. HUMAN RESOURCES CONSULTANT means a person or entity who offers consultation, training or counseling on the following but who does not directly administer the following:

1. general employee motivation, development, team building, and incentive programs;
2. personnel record keeping;
3. compensation plans;
4. policies or procedures concerning the hiring, termination, conduct, supervision, advancement, discipline, or other treatment of employees in general, including reviewing and revising the customer's existing employee handbooks or supervisory policy manuals.

IN-HOUSE LAWYER. IN-HOUSE LAWYER means any lawyer licensed and authorized to practice law in the state in which services are rendered and at the time when services are rendered and who is either a full or part-time employee of the NAMED INSURED while rendering such services.

REFERRAL OF CLIENTS TO VENDORS. REFERRAL OF CLIENTS TO VENDORS means the provision of names of vendors from which a CLIENT can choose a vendor of services but does not mean the selection of the vendor for the CLIENT.

PEER REVIEW. PEER REVIEW means the assessment of quality of services rendered by any person or organization acting as a health care provider.

THIRD-PARTY ADMINISTRATOR. THIRD-PARTY ADMINISTRATOR means an administrator, other than a Named Fiduciary or Trustee as defined under the Employee Retirement Income Security Act of 1974 who provides administrative services to employers or insurance carriers pursuant to a written contract. Administration includes:

1. explaining plan provisions, handling day-to day ministerial functions, including enrollment and recordkeeping;
2. completing and filing required employer statements and reports with government agencies;
3. claims review and payment, including maintenance of employee eligibility records;
4. negotiations with insurers to provide stop-loss protection for large CLAIMS;
5. REFERRAL OF CLIENTS TO VENDORS offering services other than insurance, including but not limited to back up childcare, adult daycare, employee grief counseling, health advocate services and similar employee benefit services; or
6. premium collection and accounting, including the administration of Health Savings Accounts, or Flexible Spending Accounts.

However, administration shall not include assuming the responsibility of the Named Fiduciary under ERISA or of the employer where statute does not allow the transfer of responsibility.

UTILIZATION REVIEW. UTILIZATION REVIEW means the review of the necessity, appropriateness, cost, type, or utilization of health care services and CREDENTIALING of health care service providers.

SECTION V. EXCLUSIONS is amended to delete the following:

Exclusion C. **COBRA ADMINISTRATION.**

Exclusion M. **THIRD-PARTY ADMINISTRATOR.**

SECTION V. EXCLUSIONS is amended to add the following:

ACTIVITIES AS AN INSURER. Any obligations assumed by the INSURED as an insurer, self-insurer, or reinsurer.

CONSULTATION REGARDING SPECIFIC EMPLOYEES. Directly rendering consultation or counseling to a specific employee, specific former employee, or a specific person seeking (or who sought) employment with the CLIENT, on behalf of the CLIENT, without the CLIENT present, or any consultation or counseling of any employee, former employee or person seeking (or who sought) employment with any CLIENT of the INSURED.

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CONTRACTUAL LIABILITY. Any liability assumed by the INSURED under contract, unless the INSURED would have been legally liable in the absence of such contract.

COMPUTER MALFUNCTION. The unauthorized access to or malfunction of the Insured's computer system or computer network, or any disruption of power supply to the INSURED'S computer system or network.

CORPORATE ACTIONS. Any counselling on corporate actions including but not limited to, any aspect of any mergers, acquisitions, group layoffs, restructuring, or plant or facility closings.

DISCRIMINATION. Discrimination, including but not limited to any discrimination on the basis of race, sex, national origin, religion, age, color, marital status, disability, handicap, sexual preference, military or veteran status.

EMPLOYEE HANDBOOKS OR MANUALS. The original design of employee manuals or supervisory policy manuals; however, this shall not apply if you have retained independent outside legal counsel to assist in the original design.

EXCLUDED PROFESSIONAL SERVICES. The INSURED'S activities in rendering actuarial, accounting, or tax advising services.

FUNDING BY PLAN SPONSOR. The failure of any plan sponsor or any authorized representative of any plan sponsor to make funding contribution or insurance premium payments.

GUARANTEES. The insured making promises or guarantees as to the impact of wellness programs on the overall health of a group or of an individual participant.

LABOR DISPUTES. Any labor dispute or negotiations or violations of a collective bargaining agreement, strikes or lock-outs.

PLAN DESIGN. The actual design of any EMPLOYEE BENEFIT PLAN.

SOFTWARE DESIGN, DEVELOPMENT OR CUSTOMIZATION. Any software design, development or customization performed by the INSURED.

UTILIZATION REVIEW, PEER REVIEW OR CREDENTIALING. The performance of or failure to perform any UTILIZATION REVIEW, PEER REVIEW OR CREDENTIALING.

Additional Premium: \$ _____

Endorsement Retroactive Date: _____

All other terms and conditions of this policy shall remain unchanged.

This endorsement forms a part of the policy to which attached, effective on the inception date of the policy unless otherwise stated herein.

(The information below is required only when this endorsement is issued subsequent to the preparation of the policy.)

Endorsement Effective	Policy No.
Named Insured	

Countersigned. WESTPORT INSURANCE CORPORATION

_____	<i>Facsimile signature to be inserted</i>	<i>Facsimile signature to be inserted</i>
Authorized Representative	President	Secretary